Nation's Business

A USEFUL LOOK AHEAD

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Nation's Business

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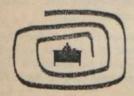
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Examination of the beliefs which have led to our nation's past and present success will reveal the key to its future

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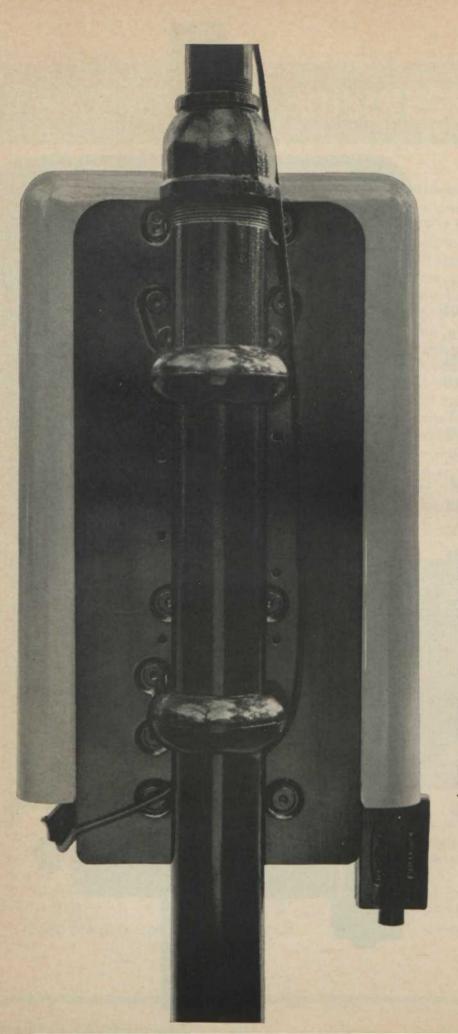
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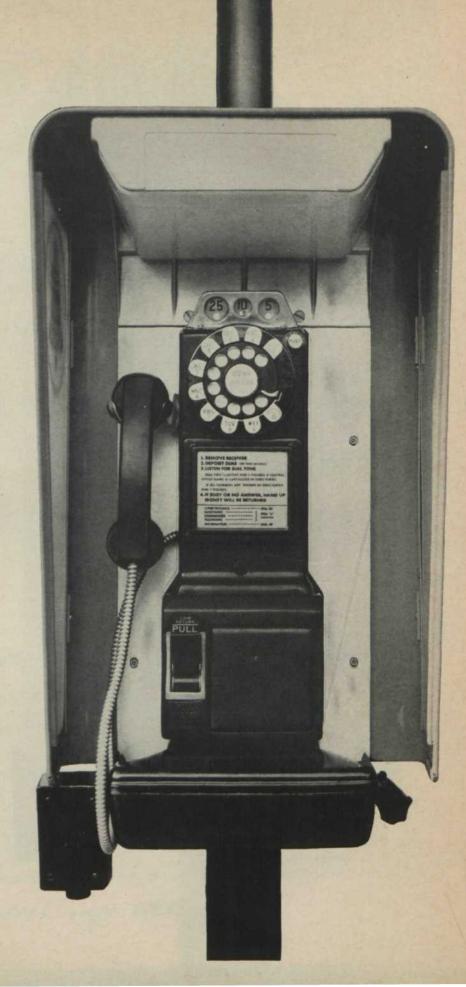
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WASHINGTON BUSINESS OUTLOOK

Three coming events of special interest to business:

You'll get clearer picture where President Johnson is headed from his State of Union Message to joint session of Congress.

He'll spell out what he intends to work hardest for, where he expects to lead the nation.

Budget message will provide details on all programs.

Watch for spending in fiscal '65 to be estimated below \$100 billion.

In economic report to Congress, President will forecast good business, emphasize vigor that'll come from tax reduction.

These messages will dominate Washington activity this month, provide you with much information useful in business planning.

Final okay of tax cut will come no sooner than February or March.

Cut will probably be retroactive to first of January.

That's target of President Johnson as well as congressional leaders on both sides of political aisle.

Government will spend more. That's a sure trend—despite new pledges to whittle.

What will happen is a slowing in the rate of spending increase.

It'll go like this:

Federal expenditures for goods and services have been going up about \$1 billion every three months for several years.

During year or so ahead you can expect the increase to be roughly half that much on the average.

Some money will be saved by curtailing the rise in federal programs. But there's no indication that state and local government spending will drop off.

Many states are looking for ways to boost taxes and some increases will be enacted.

Good business ahead. Forecasters generally hold this view of next 12 months.

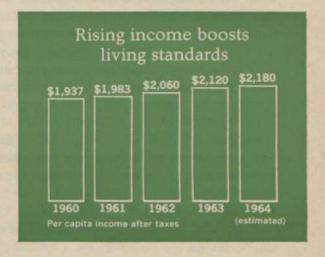
Economy is helped along by tax-cut hopes, by confident and prosperous consumers, by farsighted businessmen planning and investing for tomorrow.

You can expect personal income, consumption, production indexes to reach new peak levels in '64.

Money people have to spend for goods and services averages comfortably above \$2,100 per person—rising steadily.

Back of this trend is the probability that total personal consumption will increase at least \$25 billion this year.

"What's anticipated is continued high-level activity—no recession, no boom," says Arthur Rosenbaum, assistant vice president and director of business research at Sears, Roebuck and Company.



In terms of over-all business opportunity, there's good prospect for at least five per cent expansion of markets this year.

Profit margins will be continuing problem for many industries.

This is the view of M. J. Warnock, president

of Armstrong Cork Company, who sees less than full prosperity ahead. Mr. Warnock tells Nation's Business:

"The outlook for general business during the next two to three years is clouded by persistent and substantial imbalances in our international financial accounts, mounting levels of public and private debt, and speculative real estate and construction ventures in some areas.

"Moreover, natural growth forces that are expected to generate substantial economic expansion in the latter part of this decade are only beginning to appear.

"It appears then that general business expansion in '64 and '65 will proceed at a slower pace than during the past two years."

Mr. Warnock, whose views are widely respected, believes tax reduction will help.

"If tax reductions are delayed or not voted," he says, "some psychological letdown may develop even though the bill in its present form falls short of the kind of legislation that will loose the full powers of incentive which are required to generate enduring economic growth.

"I feel strongly that any program of tax cuts should be accompanied by specific reductions in government expenditures."

Mr. Warnock believes prices will change little in the year ahead, although some product lines "will undoubtedly see adjustments both upward and downward."

Businessmen boost investment plans.

Alternative, many say, increases risk of declining profits.

To replace old, high-cost, out-of-date equipment and build new plants, businessmen this year are programing biggest expenditures ever.

Rise will be the fourth year in a row.

Record sums will be spent by most industries, funds going for new factories, railroad and mining equipment, public utilities, commercial buildings. A major factor in the projected rise is need for profit improvement.

Specialist in this field is William P. Carlin, director of economics for Republic Steel Corporation.

He believes:

"One of the most important favorable factors bearing on the output of industrial equipment in '64 is the prospect of widening corporate profit margins during the period immediately ahead.

"As the expected profit margin improves on many projects which are pending," he says, "more of these will be placed in the go category."

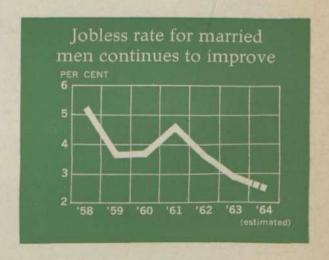
He looks for an eight to 10 per cent gain in output of machinery and related equipment and higher outlays for construction.

Capital expenditures for plant and equipment should go up from \$39 billion in '63 to "close to \$44 billion in '64."

This is a trend to watch. It's one the economists will be following for clues to the next major turn in business trends.

Employment will rise in months ahead.

Strike out men in uniform and you've got a nice round 70 million Americans at work.



WASHINGTON BUSINESS OUTLOOK

That's an increase of more than a million from a year ago.

This year will probably see as many more join the ranks of Americans at work.

Another indication that job situation is improving shows up in employment of married men.

Jobless rate for family heads is less than three per cent.

Compares with nearly four per cent rate a year ago.

Specialists think situation will go on improving as months roll by—as far into the coming election season as forecasters can see at this time.

Bigger paycheck demands are coming.

Probability is anticipated by many company economists.

Union leaders in dealings with management have been stressing fringe benefits, longer vacations, job security.

Company economists studying future trends look now for unions to shift emphasis to paycheck money while continuing to press for more fringes.

Guesstimate: Some unions will demand as much as 15 to 20 per cent pay increases, get pretty hardnosed about settling. Many will demand raises in 12 per cent range.

Pay on national average has been going up about four per cent a year for past several years.

Remember: Unions always demand more pay. What'll be different in '64 is how tough it will be to settle on contract terms.

Uncle Sam may help workers get more.

Federal wage floor currently is \$1.25 per hour.

Higher minimum wage will be a union legislative goal in new congressional session which gets under way this month. Election-year pressure for a higher minimum will be very strong.

Besides higher pay, there'll be strong moves to broaden coverage of federal wage-fixing law to industries now excluded.

Outlook: There is a likelihood that Congress won't vote higher hourly pay this year but may broaden coverage.

Double pay for overtime.

That's another proposal unions want Congress to act on this year. Issue is hangover from past session.

But it's coming up again—later this month
—when House committee report is to be published.

This is sure to springboard new efforts for passage.

Background:

Union leaders want legislation to shorten workweek to 35 hours, pay for 40.

Future:

Passage in face of strong management opposition is unlikely this session of Congress.

But compromise is possible.

Example: Congress may act on double pay for time over 40 hours.

Prices worry politicians. But don't expect anything drastic to be done.

Trend watchers in Washington spot the same signs others see. Prices on the whole are tending to move up a little.

This will show up in consumer price index more decidedly during winter and spring.

But politicians are reluctant to put government's full weight against price wind.

Reason: Economists point out that price trends are shaped by rising demand—and not scarcity of goods.

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And that's what politicians—as well as businessmen—want.

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Executive Trends

- Costs—big target for '64
- Is business neglecting courtesy?
- Companies step up talent search

Businessmen will have their hands full in 1964.

A survey by Nation's Business indicates that the 12 months ahead will bring sharp tests of executive mettle in such diverse areas as cost control, the selection and training of promising young managers, implementation of marketing plans, and participation by executives in election-year politics.

The struggle to improve profits in the face of cost pressures will be

widely experienced.

Of almost equal importance, judging from the comments of businessmen, will be the search for able manpower that can be trained to meet fast-changing business challenges.

One company president says: "I expect my biggest worry in 1964 will be keeping everyone on the ball."

Cost-cutting on a crash basis is not popular in business ranks, one recent study points out. The kinds of programs most likely to be pursued this year are those geared to the orderly reduction of unit costs over the long term.

Business courtesy will be even more important in the future than it is now.

That's the opinion of Joseph M. Segel, chairman of the recently organized Customer Relations Research Foundation.

It might be argued that Mr. Segel has a vested interest in courtesy, since the nonprofit organization he represents exists for the purpose of promoting the idea that it's both good manners and good business

to show appreciation to one's clientele.

On the other hand, how many times have you been piqued by a discourteous salesman, a brusque administrative assistant, an indifferent secretary or a rude switchboard operator? It's this kind of treatment, Mr. Segel maintains, that each year drives away a staggering amount of patronage from businesses of all types.

Tougher competition for markets will put good customer relations practices at a premium in the years ahead, Mr. Segel believes. Surveys by his foundation indicate that surprisingly few firms have taken an organized approach to the problem of protecting the good will of their customers.

Note: The foundation's board will meet next month to plan a fullscale program of research into customer relations.

If you're over 50 but have proven capabilities you'll find improved opportunities in the job market this year.

Executive search specialist John Struggles, Chicago, asserts that "being over 50 years of age today is nowhere near the obstacle to job-switching that it was 10 years

Mr. Struggles, a principal in the firm of Heidrick and Struggles, says orders are plentiful for mature, experienced executives at the top echelons in business. Recruiting itself, according to Mr. Struggles, has—in a sense—become a matter of finding just such individuals.

"A company is often better off,



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EXECUTIVE TRENDS

continued

in terms of expense, to do its own talent-hunting at the middle management levels," Mr. Struggles told NATION'S BUSINESS.

The problem of finding top-caliber successors to key managers is still serious in many firms. In part, the experts say, this is due to the fact that some men trained to fill higher jobs when a retirement occurs jump away to posts in other companies first or else find themselves suddenly pressed into service to run new divisions or to handle trouble-shooting assignments. Result: The original replacement need remains.

The new year will find American companies bidding keenly for the services of well qualified executives.

Demand is running especially strong for top-level types—presidents and general managers—and for seasoned sales executives with the drive and know-how to open up new markets.

There will be increasing demand, too, for men to work in U. S. subsidiaries abroad, and for qualified Negro managers.

That's the way professional executive recruiters assess managerial job prospects for the next 12 months. They report that their own business is brisk and seems likely to hold at a high level at least through the third quarter.

Item: The executive compensation trend is up. It's expected to continue its rise through '64.

One recruiter, Edward A. Raisbeck, Jr., senior partner in Thorn-dike Deland Associates, New York, says, "We are currently looking for more executives in the \$50,000 to \$100,000 range than at any time since 1926, when our firm was founded."

Can you size up a man the same way you size up a company?

The answer is yes, according to an executive who in 14 years has brought a company from a net worth position of only \$9,000 to current sales of more than \$80 million a year.

The executive is William H. Burgess, a Harvard Business School graduate and president of Electronic Specialty Company, Los Angeles. The firm he heads has acquired 18 other companies since 1949 and, in each instance, many organizations were studied before a

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EXECUTIVE TRENDS

continued

decision to acquire a particular concern was reached.

When Mr. Burgess looks at merger prospects he examines the company's philosophy or personality, its profits, its people, and its products. Similarly, he says you can judge a manager by examining his philosophy, profit-consciousness, ability to handle people, knowledge of products.

As to philosophy: "What does an individual want to be doing 10 years from today? Does his objective match his capabilities?"

As to profit-consciousness: "Only profitable companies continue to grow, and only profit-conscious executives can increase profits."

Does the individual command the respect of people? Mr. Burgess makes it a practice to ask: "Does he have contagious enthusiasm? Is he compatible with top management? Does he have the finesse to conduct a successful business in somewhat the same way that a successful conductor blends the elements of an orchestra to achieve the ultimate effect?"

The fourth important point, says Mr. Burgess, is whether or not the manager has sufficient knowledge of the company's products to provide the leadership and imagination which will produce future growth. "Anything can be manufactured," he declares, "but the success of a business lies in its ability to develop markets for existing products, as well as to plan for new products which can be created to expand these markets."

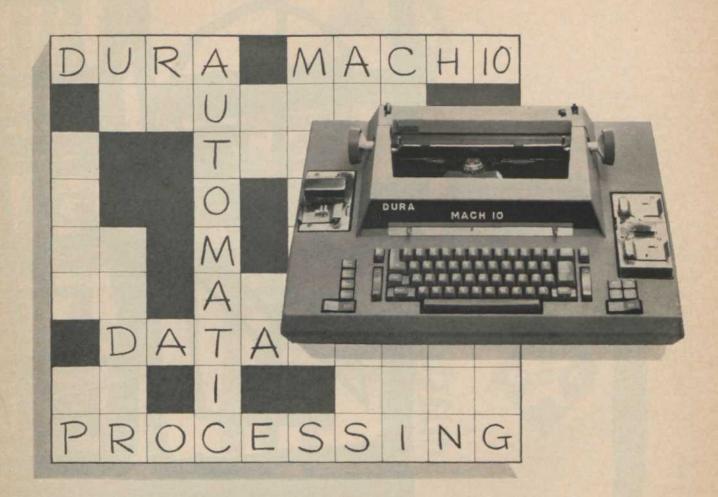
Before 1964 gets too old you might want to consider setting up a public affairs program in your company.

Many firms are running such programs—an estimated 350 conduct them on a formal basis-to increase employe understanding of the American economic system and to alert workers to their duties as citizens and voters. The presidential election year affords an exceptionally good opportunity to introduce public affairs activities.

If you want to learn more of the how and why of a public affairs program, you'll find answers in "How to Organize a Public Affairs Program," a manual available at \$10 a copy from the Public Affairs Department, Chamber of Commerce of the United States, Washington.

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TRENDS: THE STATE OF THE NATION

These enduring truths become clear at age 70

BY FELIX MORLEY

MODERN MEDICINE has not yet been able greatly to modify the Psalmist's warning that: "The days of our years are three score years and ten." Certainly a far higher percentage of the population now reaches 70 than was the case in biblical times. But it remains a significant milestone, as noteworthy—though for very different reasons—as that which is numbered 21.

By custom rather than by reason these anniversaries have come to be regarded as two doorways, for entrance to and exit from the stage of active life. At either end, in consequence, there is a lot of wasteful waiting in the wings. It is frequently impatient for those naturally eager to get into the act. It is too often querulous for those who know that for them there will be no re-entry cue.

The trouble, in this era of data processing, is that we have come to take both the commencement and the cut-off dates too arbitrarily. Few are now entrusted with any real responsibility before reaching the established index of maturity. Equally few are encouraged to exercise their talents after reaching an age when retirement is mandatory rather than permissive. Both standard practices repudiate those differences of individuality by which in other respects we set such store.

None can predict the future with assurance for those who will become 21 in the year now dawning. But none can deny that those who simultaneously reach the age of 70 have an extraordinary range of

experience in common.

When these septuagenarians were born, most veterans of our Civil War were still in their prime and one recalls the thrill of listening to first hand memories of Lincoln and of Lee. Then, coincident with maturity, came the holocaust of 1914, plunging Europe into a maelstrom from which that continent could not possibly return to normalcy.

For those who lived through both of them, the two great wars of this century have already begun to merge in retrospect. They are seen as separated phases of a single major catastrophe. And that, except for specialists, is undoubtedly how they will come to be regarded in the long perspective of history. Few now distinguish between the more and

less lurid periods of the Thirty Years War. We recall only that the physical and spiritual destruction of this conflict prompted many desirable Europeans to try their luck in colonial America.

Again, for those born in 1894, the shock caused by the assassination of President McKinley is surely still one of the most vivid of childhood memories. There was then no TV to dramatize that tragedy in the home. But there was the unforgettable week of dreadful apprehension between the shooting and the President's death. Even a small boy could sense, without understanding, the nature of that ordeal and



FRED J. MAROO!

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thereby be somewhat steeled, in old age, against its agonizing and utterly senseless repetition.

The Abbé Sieyès, one of the few who played a role of consequence throughout all the protracted upheaval of the French Revolution, was asked years later to name his most significant achievement. "That I survived," was the tart reply.

Similarly, for today's patriarchs, it is perhaps something of a distinction merely to be here. But

TRENDS: STATE OF THE NATION

among the large body of so-called senior citizens are many who have accomplished rather more than survival. They have also at least endeavored to reflect on their experience.

Their considerations will of course differ widely in detail. But one may hazard the guess that, almost without exception, today's veterans would agree on three conclusions. The first would be that superficial change is continuous throughout life, the second that beneath this change moral standards and principles remain enduring. The third and final conclusion is a synthesis of the first two: that change is not progress, but retrogression, unless it is in accord with underlying truth.

Consciousness of change is brought home to the elderly by their own infirmities, if in no other way. They know very well what the old Greek philosopher meant when he said that "you cannot step twice in the same river." Its name and course may be unaltered, but the flowing water is continuously replaced.

. . .

Being so well aware of change, the elderly are seldom wholly conservative in outlook. No matter how nostalgic, no man or woman of 70 would actually choose to relive "the good old times." The comforts and conveniences of today are much too agreeable a contrast. Probably a major reason for the acceptance of communism, by the Russian people, is that its deprivations on the whole seem preferable to those endured by their grandparents.

Yet this illustration is itself evidence that change is not necessarily progress. Some advance in living standards is poor compensation for the permanent surrender of freedom which communism demands. Slaves seldom wear visible chains. Many of them have led the easiest of lives, with cradle to grave security. But older people, at least, are not so naive as to think that steadily increasing governmental exactions are in the long-range interest of freedom.

. . .

At 70, moreover, few people are anxious to increase their material possessions. How best to dispose of what they must leave behind is not an anxiety for all. A common concern, however, is the utilization of skills and abilities during the years remaining.

Habitually this problem is now posed in the negative terms of protection. Insurance, pensions, allowances, benefits, and coddling of one kind or another get ceaseless emphasis. Too much ignored is the development of outlets for talents which by their exercise bring much more happiness and contentment than any amount of "medicare." Equally desirable is better utilization of the balanced outlook and seasoned judgment which are reasonably to be expected from long experience.

Old people are by no means always wise. But, unless mentally afflicted, they do have the back-

ground which is an almost essential ingredient of wisdom. In primitive times, when familes were more unified and external government less intrusive, the assets of age were much more constructively employed.

Grandparents then were not pitiful encumbrances, to be electronically indexed and processed by the State. They were, rather, the active guardians and teachers of the young, with very little juvenile delinquency resulting from that custodianship.

How to restore the potential contribution of the aging is a problem of social conservation, increasingly to the fore as their percentage of the population mounts. Only a part of the answer is provided by that same Ninetieth Psalm which sounds the warning about three score years and ten. "So teach us to number our days that we may apply our hearts unto wisdom."

Those who reach this milestone have usually endeavored to make the application. But often they cannot find channels for the skills laboriously learned, whether these be manual, social or intellectual; whether they express themselves in handicrafts, in garden clubs or in study groups.

Such outlets are by their nature localized. Therefore the more that centralized government concerns itself with the material wants of the aged, the more likely these are to relapse into subsidized and useless vegetation. That is what happens when the elderly associate only with each other, becoming as antisocial and mentally miserable as a schoolboy gang that lacks the leaven of mature advice.

And, at 70, many issues that concern most of us have become relatively unimportant. Whether one is "conservative" or "liberal" is of less moment than whether individual talent is being exercised to the best advantage, and therefore to the happiness of oneself and others.

One welcomes, therefore, the formation of voluntary organizations like the new Oliver Wendell Holmes Association, named after the famous jurist who in his own ripe old age acclaimed "the subtle rapture of a postponed power." Under the presidency of famed geologist Kirtley Mather, bimself now

of famed geologist Kirtley Mather, himself now verging on 76, this seeks to make more use of "the inadequately deployed or as yet largely untapped human resources of men and women who have reached the period of retirement."

This particular organization, working through educational institutions, concerns itself primarily with the mobilization of retired college professors who wish to keep abreast of expanding knowledge in the fields of their individual specialization. But the idea is obviously applicable for those who in their working lives have acquired any form of occupational skill.

Those who have completed active business careers would seem particularly qualified to exert leadership in this almost unexplored and unexploited field. For certainly it is the community as well as the retired who suffer when the hard-won talents of the aged are treated as of less import than their often negligible aches and pains.



Why medical societies approve Blue Shield

Today, hundreds of organizations offer ways in which companies may arrange for their employees to meet the expenses of surgical and medical care.

Among these, Blue Shield Plans are not only the best known, but across the nation they are the ones which have the official approval of the doctors' own medical societies.

This approval, as you would expect, is no mere formality. Blue Shield Plans, individually, have to earn it. Among other requirements, they must demonstrate their dedication to serving the community interest. They must meet rigid rules of ethical conduct and managerial efficiency.

Of course, in meeting such exceptional standards, Blue Shield Plans get special help—the support of doctors themselves.

Along with civic-minded leaders from nearly every business and professional field, hundreds of doctors donate their time to serve as trustees, helping to plan and guide Blue Shield programs.

These medical men understand more clearly than anyone else the entire problem of illness. Their support

and guidance have enabled Blue Shield to achieve unusually practical programs.

A broad range of benefits is provided at the lowest possible cost. Blue Shield handles each case directly with the patient and his doctor, so that the employee's

privacy is safeguarded. There is no costly detail work for the company. The soundness and appeal of these features is evident in the phenomenal growth of Blue Shield. In just 15 years, membership has expanded from 9 million to more than 52 million.

At present, 340,000 groups—most of them business employee groups—have this unique protection. And their number grows each day.

However, the primary objective Blue Shield keeps before it is to grow in service. And to that end, Blue Shield is being continuous-

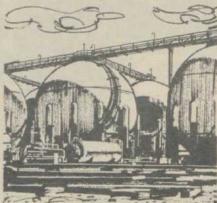
ly broadened, so that it will keep pace with the rapid medical advances of today and the future. National Association of Blue Shield Plans, 425 North Michigan, Chicago 11, Illinois.

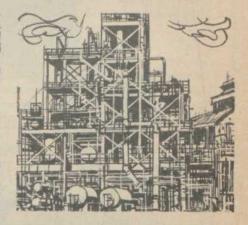
SOUTH GETS 61% OF CHEMICAL INDUSTRY CAPITAL EXPENDITURES FOR 1963

Chemical Industry Operations in Alabama, Georgia, Florida and Mississippi Boost Growing Economy of Area

Chemical industry capital expenditures in the United States for 1963 will be \$1,800,000,000. Of this total, \$1,098,000,000, or 61%, will be invested in the South. Percentages for other regions of the U. S. will be Northeast, 18%; North Central, 15%, and West, 6%.*







Adequate water, reasonable construction costs, excellent transportation, ample electric power and a good business climate are factors in the dramatic Southern expansion of the chemical industry.

Operations of this industry in Alabama, Georgia, Florida and Mississippi are vital in the section's fast-growing economy. Latest annual figures for the 4-state area show \$722,606,000 in value added by manufacture and payrolls of \$205,931,000.**

Major expenditures in this area also continue to be made by The Southern Company group to increase the capacity of its extensive electric power system.

During the period 1952-62, inclusive, the affiliated companies — Alabama, Georgia, Gulf and Mississippi Power Companies and Southern Electric Generating Company—have spent \$1,336,000,000 for generating plants and transmission and distribution facilities. Another \$600 million expansion program is planned for the period 1964-66.

Expenditures such as these signalize the opportunities to be found in the area.

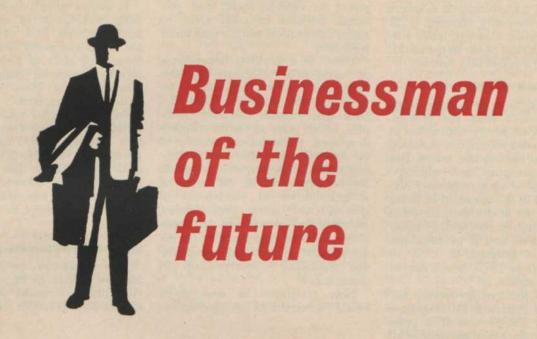
Continuing progress of this 4-state area is illustrated by these growth-comparisons of chemical industry operations.

The last half of the twentieth century belongs to the South!

- *Estimates, Dept. of Economics, McGraw-Hill Publishing Co., Inc. and Chemical Week
- **1961 Survey of Manufactures, U. S. Dept. of Commerce Latest available figures



Alabama Power Company	Birmingham, Alabama
Georgia Power Company	
Gulf Power Company	
Mississippi Power Company	Gulfport, Mississippi
Southern Electric Generating Co.	Birmingham, Alabama
Southern Services, Inc	Birmingham, Alabama



NATION AND WORLD FACE SWEEPING CHANGES

Authoritative research unit predicts these economic, political, technological changes

AMERICA AND THE WORLD will change over the next dozen years at a quickening pace—faster than that of the past two decades.

This is the prediction of one of industry's most highly specialized organizations for appraising the future in broad gauge.

The organization is TEMPO, a scientific research unit which has conducted more than 500 studies for such clients as the U. S. Defense Department, the National Aeronautics and Space Administration, RAND Corporation, General Motors, and the Universities of California, Chicago, and Michigan, as well as for its parent organization, the General Electric Company.

TEMPO stands for Technical Military Planning Operation. Its mission is to foresee world economic, social, technical, political and military conditions five to 15 years hence. Its research method involves the integration of sophisticated knowledge in diverse scientific fields.

The editors of Nation's Business asked this authoritative organization, as a special project, a number of questions on matters that will affect the long-range environment and plans of all U. S. businesses, between now and 1975.

Drawing on its unusual interdisciplinary staff of over 150 professionals, TEMPO put together this analysis under the direction of its chief, Dr. Thomas O. Paine.

The experts foresee a 1975 America with industrial production nearly double what it is today and with highly improved information techniques for business decision-making. They forecast new government-business relationships that will deal with national technological and economic problems through a greatly expanded research effort. Our industrial ef-

NATION AND WORLD FACE SWEEPING CHANGES continued

forts in many areas will shift from military to civilian emphasis, with a broad new attack on public needs. Other forecasts include educational plants for lifetime learning, new international trade blocs and alliances and an increasingly vigorous U.S. economic power that will likely surpass our political power in the world.

TEMPO's projection follows:

Our standard of living

It is said that the future is no more uncertain than the present. All-out war or severe depression at any time could reduce our standard of living to subsistence levels. But these catastrophes are unlikely. More likely is an evolutionary upward trend in the standard of living which will not be dramatic for those living through it but would appear startling to us now if we could see the state of progress in 1975. In retrospect from 1975, it will appear as a great stride.

By 1975 the average income per family will approach \$10,000, up a third from the present. The gross national product, as a measure of all goods and services produced, will approach a trillion dollars. Industrial production also will almost double.

The added wealth per person will be divided among improved consumer goods and services, increased leisure, and a greatly improved environment provided partly through the growing public sector of the economy and as determined by more individual choices and increased sensitivity to the effect of public opinion.

Improvements will come in qual-

ity as well as quantity.

The ingredients of the "standard life" will include the product concepts now in the laboratory, and those made feasible by new breakthroughs, such as urban electric vehicles and electronic cultural centers right in the home.

Public services of all kinds will be significantly improved—from civic beauty to recreational facilities.

Business-government relations

Both national and international trends will promote closer relationships between business and government. In the national area the prime motivating force in the direction of government-business cooperation is the probable rapid growth of the public sector of the economy.

On the positive side, government

activities will open new markets in such areas as educational systems and automated highways. On the restrictive side, we can expect to see increased use of governmental power to enforce social and economic policies in such areas as racial integration and air and water

There is a growing dependence of substantial elements of the American business community on governmental programs. The defense-space-atomic industry complex, which is one of the most highly developed technological sectors of the economy, is almost completely dependent on government contracts for its existence. In the event of a phase-down or stretch-out of defense and space expenditures, industry and government will probably share the responsibilty for redeployment of national manpower and industrial resources now in these areas.

New programs in new areas would be sought to use productively the highly skilled personnel and specialized resources built up over the past two decades by the defense-space-atomic industries to meet national needs.

It seems quite possible that the basic motivation of much industrial research and developmentthe needs and goals of national defense-will shift to new and more socially beneficial aims, probably also involving close relationship with the government.

In international relationships, a trend toward increased cooperation between private industry and government is also likely as the cold war spreads into bitter economic warfare between East and West, and as powerful new economic blocs emerge as competitive threats.

Vigor of private enterprise

The American competitive enterprise system in the years ahead will likely increase in strength. Competitive behavior will be strong

HOW TO FORECAST

Dr. Thomas O. Paine Manager, TEMPO

but its channels and institutional arrangements will change, as has been true in the past.

Government efforts to control fluctuations in business activity could reduce competitive vigor by damaging incentives to save and invest, but as more is learned about the consequences of alternative actions, it appears likely that excessive fluctuations can be mitigated to the betterment of the competitive system.

Government regulation and, in some cases, competition with private business will certainly not disappear, but the private sector should nevertheless remain large and healthy as we are better able to understand and control our economy and exploit it to the fullest.

Significant advances are now being made in a basic understanding of information of all kinds and the manner in which it is interwoven in business decision-making.

Information is a resource to be

measured, weighed, conserved, and used. Information in quantities approximately "enough" is extremely costly. So an entirely new form of economics concerning information will likely be developed.

Terms such as "relevance" and "timeliness" will have new meaning in the information technology of 1975. The fact that information is at once such a valuable and perishable asset will lead executives of the future to manage their information resources as they now manage material and energy resources.

At the present time, the selling price of most products includes about three fourths information costs and one fourth labor and material costs. This ratio may approach a 90-10 split within 10 years. Even now, a growing number of businesses exist whose sole reason for being and only output is information of one kind or another.

When management hierarchy

DANIELS-BLACK STAR

grows in depth and complexity, it is increasingly difficult to sort relevant information from irrelevant detail. To seek the relevant facts on which to base sound decisions, the executive will need new direct-access computer-based systems which will help him to communicate in his own language with his associates in the decision-making process through the computer's memory information-simulation base.

Technological advances

It will become increasingly difficult to separate civilian and military goals, and benefits of future scientific research.

For instance, the development of the laser-the high-intensity light beam—was government-sponsored with the prospect of military optical radar and communications systems using lasers. However, their most striking use to date has been in medicine, where they have been employed in such operations as retinal welding and cauterization of stomach ulcers.

Military-sponsored research on jet engines and vertical-take-offand-landing-aircraft will undoubtedly have a major impact on the movement of people from city center to city center through development of civilian "metroplanes."

In short, the use of a scientific or technological development is often quite different from what was originally intended.

Although some top government officials have pointed out that the nation's scientific effort is shifting away from its basic motivation of the past two decades -the needs and goals of national defense-a more precise statement is that the needs and goals themselves have been shifting. A state of offensive saturation has developed in which several nations possess catastrophic damage capability. Defensive countermeasures, such as antimissile systems, face nearly impossible requirements. The nation's military requirements have altered.

The strategy of massive retaliation has been replaced by graded retaliation; direct military support by economic support; military defense lines by closer economic and political ties.

Thus, the scope of scientific research, which is considered as broadly supporting the national and international goals of the Unit-(continued on page 79)



How companies will win success

A special Nation's Business interview with Dean Ernest C. Arbuckle of the Stanford University Graduate School of Business

What it will take for a business to succeed in the next 10 to 20 years is a question of compelling interest.

A man giving intensive thought to the subject is Dean Ernest C. Arbuckle of Stanford University's Graduate School of Business.

In this NATION'S BUSINESS interview, Dean Arbuckle explains how best to outfit your company for what lies ahead, and how the

well managed firm of the future will be judged.

Dean Arbuckle has had extensive and varied experience in business, rising to assistant vice president of W. R. Grace and Company, as well as executive vice president of the firm's Pacific Coast Division. He serves as director of several companies, including the Owens-Illinois Glass Company, Kern County Land Company, Hewlett Packard, the Pillsbury Company, and others. He also has worked for Standard Oil Company of California and the Golden State Company, Ltd.

Dean Arbuckle, himself a graduate of Stanford, went on to study law and took an advanced degree in business administration from the school of which he is now dean.

In 1958 he left his executive position with W. R. Grace to become dean. Under his direction, the business school is spreading its influence throughout the world, with business education programs in Europe, Africa, Latin America and Asia.

Dean Arbuckle, how will the future change the requirements for business success?

The really significant change will be the staggering requirement for continuing personal development.

The increasingly powerful role of government in our economy is enlarging the scope of the executive's task.

Science and technology—with more tremendous changes yet to come—are accelerating discovery and reducing the time between discovery and application.

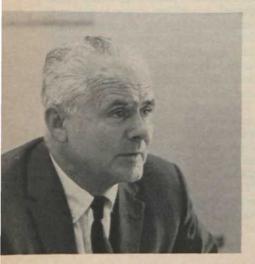
The rapid development of world markets is creating more opportunities and challenges for American business than ever before, and this is adding a new dimension to business management.

Finally, the cold war and its total political and economic impact will greatly influence the nature and rate of change.

What will be the dominant characteristics of business change in the next decade or two?

I would say the dominant characteristic will be change itself, and this change will constantly add to the complexity of the environment in which business will operate.

And one cannot speak of change (continued on page 36)



Measure your firm's future

Dean Arbuckle's check list will help you gauge prospects

- What kind of men are being attracted to the industry and the company, and how well is the company holding men? Are employes rewarded appropriately in responsibility and pay?
- 2. What is the company's attitude toward development of its men and organization? Is discriminating use being made of management programs? What criteria are used for selecting new employes, and are there good reasons for such criteria?
- 3. What is the attitude toward research? Are resourcefulness and experimentation encouraged? Is the company responsive to change, flexible, and adaptable?
- 4. Do you have a good balance between experience and imagination? Experience without imagination makes for pedantic management; imagination without experience results in management doing foolish things.
- 5. Are you willing to take short-term risks to eliminate long-term hazards? Are you willing to sacrifice profits temporarily in order to make necessary expenditures for personal development, needed capital equipment, and for research and product diversification?
- 6. What emphasis do you place on long-range planning? Do you know where you want to go and have reasonable plans for getting there?
- 7. What is the spirit of the organization? There is a significant difference between morale that

- merely reflects happiness and contentment, and morale that generates dedication and zeal which results in creative, high-level output.
- 8. Has the system become an end in itself? Does the company depend less on the abilities of the individual and rely more on organizational arrangements which, although safer and more reliable, may yield only high-level mediocrity?
- 9. Does the management encourage development, not only by supporting educational programs for employes who have demonstrated an interest and capacity for their further learning, but by that indispensable process of letting subordinates make mistakes and profit from them? Does it really delegate maximum authority to the lowest practicable level? At the same time, does top management really know what is going on? How good is the communication and control?
- Does management have a commercial sense an unusual capacity for converting its human, capital, and material resources into a profit?
- 11. Is management preparing itself to capitalize on opportunities abroad?
- 12. Has management established objectives for the company consonant with those of the society of which it is a part?
- 13. Does management have integrity and dedication to ethical practice?



GREAT OPPORTUNITIES AHEAD

Authorities provide composite picture of the successful businessman of 1975

TOMORROW'S MANAGERS will differ from their present-day counterparts in striking ways. But there will be important similarities, too, both in the men and in the immediate setting in which they work.

These conclusions compress the comments of authorities who were asked by NATION'S BUSINESS to forecast significant changes in the skills, functions and environment of the businessman in the years between now and 1975.

The experts worked with known facts, trends already in motion and on the basis of future developments at least faintly discernible now. As a result, what they have to say qualifies as informed projection.

Predictions came from a variety of sources—management consultants, academicians, executive recruiters, specialists on information technology. In one instance, members of the research staff of The John Diebold Group, Inc., an international consulting organization, devoted a half-day to an intensive discussion of questions submitted by the magazine.

Here is a portrait of the successful executive of the 1970's—as painted by the experts:

He will be a brainy, well paid and much-soughtafter individual. He will face difficult problems that will stretch his own intellectual powers and the know-how of his associates. He will work with the help of remarkable electronic tools, but most of his toughest decisions will still be man-made. His workweek may be shorter, his paperwork load lighter, the day of his retirement earlier. He will be, above all, a leader—a man deeply knowledgeable in the social, political and economic realities of his time. Finding this kind of individual will be a trying task in itself, in the opinion of Sam B. Montgomery, senior consultant of Hackemann & Associates, San Francisco management personnel counselors.

Says Mr. Montgomery: "True leaders are going to be harder and harder to locate because there are not enough bright people going into business directly. Too many of our best minds are moving into the professions."

Others agree. Recruiter Rawle Deland, of Thorndike Deland Associates, predicts that "no matter what happens in the next 10 years" there will be a shortage of top-quality men in business and industry.

"The really qualified leaders," Mr. Deland says, "will continue to be limited to the upper 10 to 15 per cent of the total executive population. It goes without saying that competition for the services of men in this elite will be intense."

Following are the forecasts of the experts as they relate to the executive, his operating tools and problems, his job environment, and the broad setting in which he will find himself.

Leader of the future

The typical executive of the 1970's will still be plagued with the people problems of business and, despite the widespread use of electronic data processing equipment, human judgment and even hunch will at times be his ultimate weapons.

Many authorities say that flexibility of mind will be the key to future success in business. The future, they point out, will impose severe demands on executives' knowledge, competence and intellectual skills, and will dictate a need for continuous education. Many



be better paid, retire earlier
get more facts for faster decisions
play bigger role in community
receive part of pay in leaves of absence
change jobs more often
require more education, training
face lighter paperwork
coordinate work of many specialists

underscored their belief that, despite computers, sophisticated mathematical methods, and greatly enhanced staff support, the top businessman of the next decade will still rise or fall on his own ability.

Norbert Stahl, project director of The Emerson Consultants, Inc., says, "The big decisions will still be tough and top management's functions won't change greatly in the next 10 years. But middle management as we know it today will be vastly changed."

Mr. Stahl believes many middle managers will be replaced by data processing specialists and new information systems, but he argues that "just as it is unrealistic to expect that we will be able to control our weather or our economy in the next 10 years, so it is unlikely that top management will be able to rely completely on data processing for its information. The human element will still play a vital role in management decisions."

Typical middle and top managers of the future will be a more intellectual breed than their present-day counterparts, according to the authorities. They will need to know more, not only about their own businesses, but about the sweeping advances in general technology, the intricacies of foreign markets, the particular disciplines of the specialists with whom they work, about government and, finally, about the always evasive factor of human behavior.

Mr. Deland predicts that a master's degree in business administration will be an essential qualifying characteristic for young managers entering the industrial world of the 1970's, much as a bachelor's degree is widely used today as a preliminary screening device.

To prepare for the challenges it will face in the 1970's, says E. G. Fremont, Jr., president of The Emerson Consultants, "a business should begin today to equip itself with people who are knowledgeable in areas now often considered as beyond the business scene—with social scientists, political scientists, anthropologists, and true international economic specialists."

Paul H. Kiernan, managing director of Kiernan & Company, Inc., an international executive search firm, thinks the executive of tomorrow will be more mobile, less concerned with where he works than with what he is doing.

"In other words," Mr. Kiernan says, "an executive's loyalty to his present company and job will become less significant as the years go by. Another way to say this is that a good manager is going to be hard to keep if you haven't got the right job for him."

There is general (continued on page 88)

Spending pressures raise inflation danger

Unchecked increases in federal outlays could wipe out benefits resulting from tax reduction

Congress will be caught this year in a squeeze between election-year pressures for more government spending and a new threat of inflation that could wipe out the benefits you would get from a tax cut.

Many economists, political leaders, and businessmen see a long-range threat in continued major increases in government spending.

Their views will be important in congressional debate over mounting deficits, and the political campaign in which issues of big government and big spending promise to play a major role.

You can expect a decisive test of government economy pledges which will influence political and economic developments affecting business far beyond the election.

Of course, President Johnson has pledged to make government a model of frugality. But it remains to be seen how successful he will be.

Spending proposals pending in Congress include: A \$355 million item for the controversial Area Redevelopment Administration, which subsidizes new and expanding business ventures in depressed areas. (See "What's Behind Fight Over ARA," November Nation's Business.)

Mass transportation, \$375 million for a three-year start on a program that could swell to \$15 billion or more as additional cities climb aboard.

A \$190 million, one-year start for a fallout shelter

program to cost a total \$2.1 billion over five years. Health care for the aged under social security, which could cost some \$2 billion initially just for those eligible for benefits but who have never contributed to the program.

These, of course, are apart from extensions to other programs guaranteed to grow from year to year.

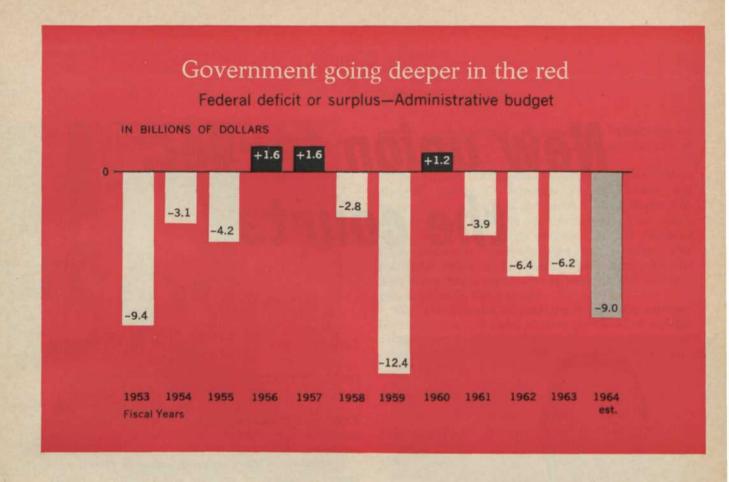
Nor do they include such items as a \$1 billion expansion of the accelerated public works program, a proposal to pump some \$5 billion into the Appalachian area, or a host of other federal remedies for a host of needs discovered by politicians who find them unsatisfied by states and localities.

Considering the possibility that even a minority of these may be approved, many businessmen and economists are already concerned by the prospects of inflation.

Here are some typical expressions of this concern: John W. Barriger, president of the Pittsburgh and Lake Erie Railroad Co., fears that "the advantages of [the tax cut] could be nullified by inflation."

A former chief of the railroad division of the Reconstruction Finance Corporation during the 1930's, he adds: "I have never been impressed that government spending represents full value received for the outlays. And I haven't felt that a cut in expenditures would curtail any essential services."

S. M. McAshan, Jr., president of Anderson Clav-



ton & Company, of Houston, says a general inflationary trend abetted by increased federal outlays will give a lift to the economy, but he adds that a stimulus of this type is unsound and would help business only temporarily.

Still another, W. A. Johnston, of Chicago, president and chairman of the executive committee of the Illinois Central Railroad, calls early tax relief "essential to an upward economic trend" this year, but warns that unrestrained federal spending will reduce confidence and harm business prospects.

Some government officials argue that budget deficits are not necessarily inflationary.

Many thoughtful economists agree—provided the deficits are temporary and are managed by government borrowing the savings of individuals and institutions so as not to distort the money supply.

The inflationary effects result chiefly from sale of government securities through the commercial banking system, which creates money by increasing bank reserves. "That's just one step away from printing the money," says one business economist.

Aside from current expansionary forces, the problem of inflation, as viewed by authorities interviewed by Nation's Business, should be examined in terms of the size of future deficits and the way they are managed.

As to the size of the deficits, Administration

officials point to the whopping deficit of \$12.4 billion incurred by the Eisenhower Administration in fiscal 1959, which exceeds any since.

But, balancing surpluses against deficits, the cumulative deficit during the last four Eisenhower years was \$12.4 billion—his first four totaled \$15.1 billion—compared to the \$25.5 billion increase in the deficit since 1961.

New problems ahead

Many economists feel that prices have remained stable despite recent deficits because these have not been managed through the banking system, which would have inflated the money supply, but fear the future deficits would be.

"The government will no doubt finance the deficit through banks," says B. H. Beckhart, professor emeritus of banking, Columbia University, an authority who urges restraint in government spending.

"With the magnitude of the deficit we are facing, the federal government will have to turn to the banking system late next year," agrees a private business economist, "because the magnitude of deficit will be too large for savers to absorb it."

Charles J. Zimmerman, president of Connecticut Mutual Life Insurance Co., agrees, adding: "The start of it might be psychological." He explains that a lack of confidence (continued on page 52)

New union target: the courts



Circuit Judge A. W. Brussell, Chicago, was attorney for Steelworkers Union. George Edwards (below)led sit-down strikes in Detroit before he became judge

PRIVATE STATE OF THE STATE OF T

Labor's political leaders push to get more friends on the bench. Here's why

FRIENDLY INTERPRETATION of laws affecting your employes and business is considered essential by unionists.

Getting more liberal-minded judges is viewed as a logical extension of growing union political activity aimed at electing more friendly legislators to pass laws and administrators to apply them.

Union officials have also been successful in keeping individuals they consider unfriendly off the bench. A protest from the AFL-CIO was enough to block the nomination for federal judge of a man who had prosecuted strikers for plotting to blow up a textile mill.

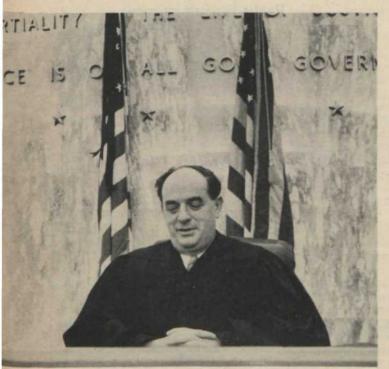
Outstanding example of a union friend in court is Associate Justice Arthur J. Goldberg of the United States Supreme Court, who, as CIO counsel, was largely responsible for bringing about the 1955 merger with the AFL. Mr. Goldberg's appointment as Secretary of Labor was cleared with AFL-CIO President George Meany, who obviously was also pleased to see him later elevated to the highest court.

Justice Goldberg's former law partner, Abraham W. Brussell, who succeeded him as attorney for the United Steelworkers District 31 in Chicago, was elected Cook County Circuit judge after the union helped get the Democratic Party to nominate him.

Justice Matthew O. Tobriner of the California Supreme Court was attorney for the Western Conference of Teamsters and other labor organizations before he was appointed to the bench by Gov. Edmund G. (Pat) Brown.

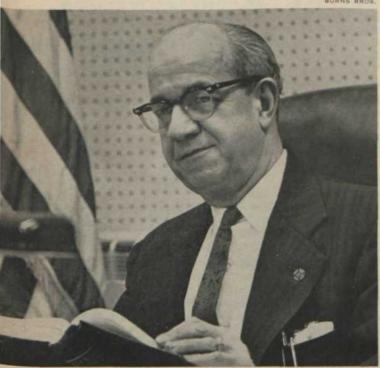
Judge Nathan J. Kaufman of the Circuit Court in Detroit is a former president of United Automobile Workers Local 142 and member of the Wayne County CIO Executive Board.

Justice of the Peace Leland Thomas in Rotterdam, N. Y., a Schenectady suburb, is a member and



BENYAS-BLACK STAR

Judge Nathan J. Kaufman, Detroit, once headed local of United Automobile Workers. Unions should endorse judicial candidates in large cities, he says. Leland Thomas (below) is member of Electrical Workers Union at General Electric plant, justice of peace at night



former committeeman of Local 301. International Union of Electrical, Radio and Machine Workers at the General Electric Company.

The United Automobile Workers' former welfare director, George C. Edwards, Jr., of Detroit, was appointed to a seat on the Sixth United States Circuit Court of Appeals in Cincinnati. This court. which serves to enforce decisions of the National Labor Relations Board involving employers in highly industrial areas of Michigan, Ohio, Kentucky and Tennessee, has a reputation of being one of the most conservative in the country.

David Rabinovitz, of Sheboygan, Wis., the attorney for UAW Local 833 and strikers convicted of violence in the long and bitter Kohler Company strike, was nominated to sit as a United States District Court judge for western Wisconsin.

Decision-making

Union leaders recognize that the effect of a law can be changed by judicial interpretation and that, because decisions can go either way, union members can be helped or hurt, depending on the views of a particular judge. They are trying to get this across to members in urging them to vote for friendly judges.

The UAW last spring helped re-elect Justices Paul L. Adams and Eugene F. Black to the Michigan Supreme Court, calling them "bread and butter" justices whose decisions "have meant thousands and thousands of dollars to Michigan workers."

The union asserts that until 1957 decisions of the court "were geared to favoring corporations." In that year, it says, justices appointed by Democratic governors achieved a majority, rulings changed, and "justice became real for factory workers."

Two examples are cited in the UAW newspaper, Solidarity:

"Under rulings by the old Supreme Court an injured worker was denied workmen's compensation benefits unless he could prove that his injury was caused by a specific accident.

"The new Supreme Court has ruled that an injured worker is entitled to benefits for any injury he receives in the course of employment.

"The old Supreme Court had denied medical care to many injured workers after limited periods of time.

"The new Supreme Court has ruled that an injured worker is entitled to receive all needed hospital medical and surgical services without time and expense limits, with the company being responsible for benefits.'

The UAW could mention another decision of the "new" Supreme Court, which upset an 18-year precedent. The new decision, written by the former UAW official, Justice (continued on page 82)

A LOOK AHEAD by the staff of the

Special forecast of this year's major legislative issues affecting business

Party lineup in new congressional session

SENATE Democrats 67
Republicans 33

HOUSE Democrats 257
Republicans 178

AGRICULTURE

Cotton, wheat and land diversion programs will get top legislative priority in 1964.

In terms of cost of government stocks, cotton is replacing wheat as the number one surplus problem. Congress is considering proposals designed principally to make domestic cotton textiles more competitive with foreign cotton and with synthetic fibers. Direct payments either to the domestic mills or to the producers in combination with lower support prices are being considered.

Assuming the prospective carryover, another wheat referendum in
the spring of 1964 is required by
law. The increased export demand
suggests another disapproval of a
supply-control program for 1965.
This would displease the Administration. Present possibilities under
the law are undesirable to many
wheat-state congressmen. Thus attempts will be made to revise the
program and remove referenda provisions.

Pressure will continue for legislation to redirect into noncrop use acreage coming out of retirement each year under the soil bank program.

CONSTRUCTION

A major battle over housing and community development legislation is shaping up for the new session of Congress. Proponents of government action will be asking for more federal handouts, more federal lending at below market interest rates, and more federal intervention in local community development affairs.

Big spending proposals will center around urban renewal and public housing. Indications are that efforts will be made to add \$3 billion more to the urban renewal program, and billions more (in the form of about \$100 million a year) to the public housing program.

Big lending proposals revolve around plans to open up 3% percent loans to sales (in addition to, currently, rental) housing. How many billions would be involved is conjectural.

On the federal intervention and control front, the push will be for a federal department of urban affairs.

CREDIT & FINANCE

Finance institution legislation will show an accelerated pace during the new congressional session. It got bogged down last fall in controversy and lengthy hearings—mostly on the House side. Much is still left to be done this year.

It is anticipated that a series of questionnaires circulated by the House Banking and Currency Committee late last year will result in some efforts to push legislation affecting bank lending and management policies. Also, survey results may bring about legislation dealing with single-unit versus multi-unit banking.

Reappearing this year will be bills aimed at relaxing the controls over investments of financial institutions. This will include expanding savings and loan activities in home financing.

FOREIGN TRADE

Emphasis in the area of foreign trade in 1964 is almost certain to be on execution of policy rather than introduction of significant new legislation.

Tariff negotiations authorized by the Trade Expansion Act of 1962 are scheduled to begin May 4, 1964, in Geneva, involving some 60 nations—contracting parties to the General Agreement on Tariffs and Trade. For the first time, GATT negotiations will include nontariff barriers to trade—quotas, discriminatory taxes, health regulations and so on.

Legislation pending in the current Congress which would amend the Trade Expansion Act of 1962 to enlarge the area for possible mutual elimination of tariffs will likely be deferred, pending the outcome of the Geneva bargaining session expected to extend into 1965.

Legislation designed to enhance the export expansion program may be proposed, such as: liberalization of U. S. tax laws relative to export trade corporations provided under the Revenue Act of 1962; clarifica-

Chamber of Commerce of the United States

tion of antitrust laws affecting foreign trade; and, an export tax incentive measure.

GOVERNMENT SPENDING

President Johnson's budget for fiscal year 1965, scheduled to go to Congress this month, will generate even more interest than usual.

The new President has stressed his demand for frugality in government expenditures. Many observers attribute this emphasis to the President's realization that the tax reduction bill would stand a much better chance if spending could be curtailed.

Others, however, argue that the tax bill is just a contributing factor and that President Johnson's fiscal orientation is a bit more conservative than the late President Kennedy's.

Whatever the case, government agencies have been given instructions that they are to screen their budgets carefully and avoid all but the most essential increases.

A significant innovation was the admonition for agency heads "to seek the advice of committees of the Congress, and of private organizations and individuals, in finding ways to do the public business more economically."

LABOR

Federal wage-fixing will take the spotlight when major labor legislative issues are considered in 1964.

The two major wage-fixing proposals will involve extension of the minimum wage coverage under the Fair Labor Standards Act to employes of hotels, motels, restaurants and laundries; and reduction of the workweek to 35 hours.

Some labor legislative experts expect that considerable attention also will be given to a proposal which would require double-time pay for any work performed beyond 40 hours.

MARKETING

Because this is an election year, the odds favor a strong congressional push for at least one bill that could be hailed as a boon for the consumer.

Prime candidate is the proposal for extensive new federal controls over packaging and labeling of consumer commodities. Hearings were completed last year, and the bill is now pending before the Senate Judiciary Committee.

Another possibility is the consumer credit bill long promoted by Sen. Paul Douglas of Illinois.

Hearings have been held each of the past four years, but the bill has not yet received subcommittee approval.

If inflation threats arise, a proposal of several years ago, that companies planning a price increase notify the government in advance and justify the increase in a public hearing, could be revived.

NATURAL RESOURCES

Pressure for a variety of actions in the natural resources field will increase during the campaign year.

Many requests will be concentrated on proposals involving water resources and outdoor recreation, including wilderness legislation.

Energy proposals such as the Pacific Coast regional electrical intertie and various hydroelectric facilities will also demand the attention of Congress.

An over-all national minerals policy probably will not be of major congressional concern during 1964. Attempts may be made to provide federal assistance for selected mineral activities, but action will be limited.

A review of the 70 or so federal land laws may be initiated. The farranging proposal for a Federal Land Law Review Commission has picked up substantial support from natural resources industry groups and conservation organizations.

TAXATION

Little doubt remains that the tax bill will be passed early in 1964. President Johnson has indicated a strong desire that tax legislation be treated as a priority item.

It is generally believed that the provisions of the bill will be made retroactive to January 1, 1964. If, however, unforeseen delays prolong final action beyond February, it is probable that tax rate reduction and reform will become effective on April 1, 1964—the beginning of the second quarter.

President Johnson has not indicated his sentiments towards any additional tax legislation. With the prospects of a short election-year session of Congress, it is doubtful that another major reform bill will be considered.

There are indications that there will be a strong push to eliminate some of the war-born excise taxes.

These taxes have been extended for one year at a time since their inception. Legislation to extend them must be signed into law by June 30, 1964, or they will lapse.

TRANSPORTATION

There is some uncertainty as to just how much emphasis the present Administration will place on the late President Kennedy's transportation proposals, including the mass transit subsidy measure, the minimum rate deregulation proposal, and the transport omnibus bill.

All of these will be before Congress during the year ahead.

The mass transit legislation would provide a program of direct federal subsidies to supplement local and state funds in financing facilities and equipment needed for acceptable transit projects. A substitute version of the minimum rate legislation and transportation omnibus bill released in November would, among other things: extend to the railroads, domestic water carriers, and freight forwarders the agricultural and fishery products exemption from federal economic control presently applicable to motor freight carriers with certain limitations; help combat unlawful trucking; provide for motor carrier and freight forwarder rate reparations; and establish a joint board having authority over certain through service and joint rates for shipments moved by different modes of transportation.

WIN SUCCESS

continued from page 26

without reference to the further rise of the professional manager. The ownership of ability and brains counts far more than the ownership of wealth.

What changes will professional management bring about?

It will place more importance on the education and training of toplevel personnel; it will continue to enlarge the social consciousness of corporate management; it will advance further the scientific approach to management.

One danger in all this is that we will become too absorbed in the administrative process and neglect the development of the dynamic entrepreneurial attitude that is so essential to the risk-taking which underlies our private enterprise system.

How will future executive qualities differ?

The required qualities will differ in degree rather than kind. Men who exercise direction of our affairs in the future must have a degree of knowledge, competence, and intellectual skill exceeding anything regarded as adequate heretofore. It is therefore a mistake, I believe, to develop our successors in our own image.

What administrative skills may become obsolete?

Some jobs will become obsolete, just as the navigator on the jet airplane has gone out of date. Research in the behavioral sciences is teaching us more about people, which will be applied by administrators to improve their effectiveness, but I can't imagine any existing administrative skill becoming obsolete.

How will these qualities best be developed?

Some of them are personal traits acquired by having the right parents, or a fortunate environment. Others can be developed through education, by taking every opportunity to broaden one's experience for leadership.

And even though it may seem like a circuitous route to the top, there will be no substitute for hard work and deep commitment to the job.

What is the possibility that machines may replace some of the management function in the next decade or two?

Some machines today can be pro-

gramed to play a good game of chess and to compose music. Some research suggests that, in the future, it will be possible to identify problems requiring a decision, pick the most important, structure them to facilitate a solution, then make a choice.

When will such devices be in full use?

There appears to be no technical bar to building such thinking machines, but they are probably 10 to 20 years away.

They will probably never be in full use in the sense that they will replace the manager. It is doubtful that even a thinking machine will have much advantage, if any, over the operating executive in identifying problem areas, in order of priority, and making and implementing decisions involving judgment, intuitive understanding, and visual perception.

Even if machines really become that good, managers would not be eliminated. Dictating machines have not replaced many secretaries, and I hope they never do—for a variety of reasons.

What other management changes do you foresee from technological advances?

The acceleration of scientific change will have many implications. A continuous stream of new products, whose market life will be shortened because of competitive pressures, will place a premium on administrative flexibility, innovative capability, and strong research departments.

Automation, a product of technological advancement, will provide a basis for the further centralization of accounting activities and the processing of data for decision-making. It will increase the skill and knowledge level of employes, place new importance on specialization in staff functions.

Simultaneously will come a demand for more operating generalists. As corporations continue to grow in size—the 130 largest manufacturing companies already account for half the manufacturing output in the country—increasing emphasis will be placed on organizational problems and the importance of the administrative function.

There will and must be increasing emphasis on planning—a systematic means of determining where a company should go and how to get there.

Will government actions have an effect?

There are several important fu-

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Nation's Business



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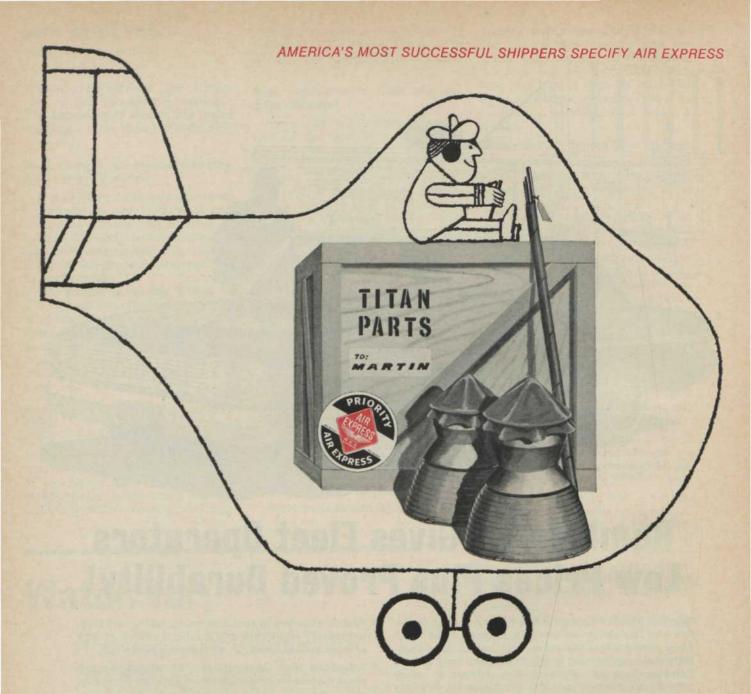
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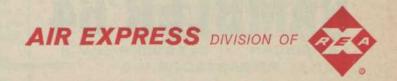
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WIN SUCCESS

continued

ture implications for business resulting from the expanding activities of government in the economic sphere.

For example, the Defense Department, as the largest single purchaser of industrial production, will continue to wield a strong influence on our economy. The policies it follows with respect to the encouragement of private research and the attitudes of various government agencies concerning allowable profits have serious implications for business in the years ahead.

The resolution of these questions in favor of a system which will provide maximum stimulation of the energy and creative genius of our people is going to require an even higher order of business leadership than demonstrated thus far.

How about government in economic affairs?

Government intervention in economic affairs is often justified by the desire for full employment and economic growth. To remove this motive and provide more direction from the private sector, the businessman will have to become more involved in the total problem of unemployment and will need deeper knowledge of the basic economics, both theory and practice, that underlie our economic life.

How will the opening up of world markets affect future business?

Enormously. The day of the multinational corporation is already here, and the day when a substantial portion of American production will be either manufactured or sold abroad is not far off.

This adds a new dimension to the management job. Not only must we be able to deal with regional economic blocs, but we must learn to understand philosophies, cultures, and politics we have heretofore regarded as foreign.

Looking ahead a decade or two, we will probably find that the successful American company operating abroad has lost many of its American characteristics and has become truly an international organization, fully managed by nationals, or even a new cult of international citizens.

What are the implications of the cold war?

The cold war has unique implications for change and, as long as it continues, its influence must be taken into account.

World markets can be and in fact have been in some instances abruptly upset by Soviet-sponsored dumping, by politically inspired embargoes, by propaganda-aroused antagonism in the newly developing countries, or by discriminatory alliances.

It will compel the American businessman to meet a kind of competition completely unrestrained by law or ethics—or, in some cases, even by good economics.

Would you forecast a significant increase in the number and size of corporations that operate in many other countries?

Yes—because the most rapidly expanding markets will be abroad in the next 25 years.

The dynamic expansion which occurred in this country in the post-war years is now taking place in other parts of the world and will accelerate industrialization and the formation of mass markets.

Will you change the emphasis in business school training?

In anticipation of this trend, we have added to our course offerings in the international area, as several universities have done.

So, we are not changing the emphasis of business education, but we are adding a new dimension.

Basically, I still feel that we do the best job of educating for business—be it domestic or international—by building on a broad undergraduate base, with strong underpinnings provided by the basic disciplines, a business curriculum which emphasizes the development of administrative skills, analytical capacity, and attitudes which are receptive, flexible, and adaptive to change.

What are the best ways executives can get their companies ready for what lies ahead?

By good planning and good staffing.

How can company proficiencies best be improved to meet future challenges?

By developing breadth and versatility in top executives; by creating within the organization an atmosphere which welcomes new ideas, which stimulates innovation, which generates initiative from all levels.

Companies spend wisely and well for technical and scientific research. Why not spend more for research designed specifically to improve



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WIN SUCCESS

continued

management practice? We are doing some in graduate schools of business, but we could do more.

We could accomplish twice as much if we could team up with researchers working within the companies, whose commitments and objectives are to advance the practice of management.

We could exchange personnel, discuss findings, plan joint research projects.

Do you foresee any future changes in the profitability of enterprise?

Profit hinges upon the performance of management. To be sure, business is always threatened by those—in and out of government—who believe that, through some alchemy, industry can continue to operate without profit.

So management has a two-fold responsibility. It must convince the doubters that profits are essential to growth, and it has the job of constantly improving managerial competence.

I have faith in the improvement of the profitability of enterprise because I have confidence in the ability of management to do these two jobs.

What measures of company performance other than profits will emerge in the future?

Profit is basic to company success.

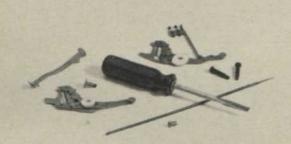
But companies are already being measured by more than profits, and managers are being motivated by additional incentives.

Changes are occurring, slowly to be sure, in attitudes and values, especially as they relate to the external environment in which business operates.

In the future, corporations may well be judged, in addition to profit performance, on their influence on general economic growth, on their advances in productivity, the usefulness of their products, stability of employment, and impact upon the community.

Managers, in turn, will probably seek additional and broader satisfactions. The men who get things done have a need for achievement and a will to win in the competitive struggle.

Performance can be measured by broad social criteria in addition to, not as a substitute for, profits without, I think, devitalizing the free enterprise system. Rather than reduce the features...



we found a better way to reduce typing costs



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A new way to trim overhead a service offered without obligation.

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We think that's terrible.

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But we soon discarded that idea.

We couldn't see how decreasing the machine's ability would do anything but increase typing time and costs.

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The Constitution of the United States

WE THE PEOPLE of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.

ARTICLE I

[Establishment of Congress]

SECTION 1. All legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

SECTION 2. The House of Representatives shall be composed of Members chosen every second Year by the People of the several States, and the Electors in each State shall have the Qualifications requisite for Electors of the most numerous Branch of the State Legislature.

No Person shall be a Representative who shall not have attained to the Age of twenty five Years, and been seven Years a Citizen of the United States, and who shall not, when elected, be an Inhabitant of that State in which he shall be chosen.

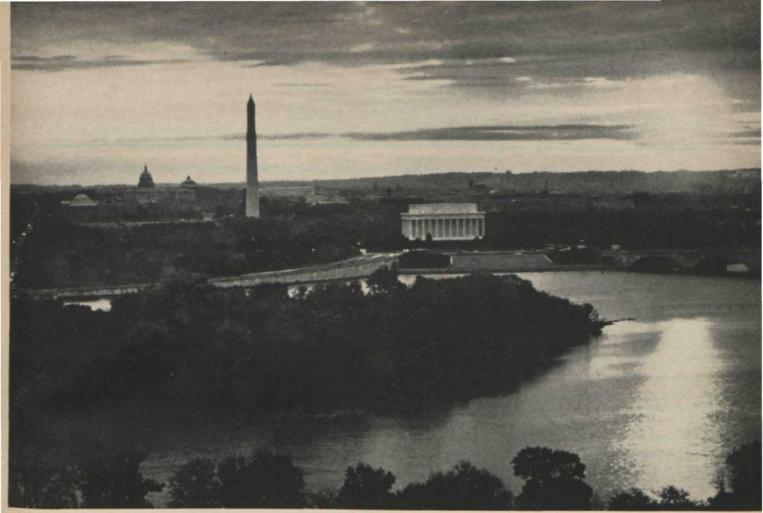
Representatives and direct Taxes [see Amendment 16] shall be apportioned among the several States which may be included within this Union, according to their respective Numbers, which shall be determined by adding to the whole Number of free Persons, including those bound to Service for a Term of Years, and excluding Indians not taxed, three fifths of all other Persons. [See Amendment 14. The actual Enumeration shall be made within three Years after the first Meeting of the Congress of the United States, and within every subsequent Term of ten Years, in such Manner as they shall by Law direct. The Number of Representatives shall not exceed one for every thirty Thousand, but each State shall have at Least one Representative; and until such enumeration shall be made, the State of New Hampshire shall be entitled to chuse three, Massachusetts eight, Rhode-Island and Providence Plantations one, Connecticut five, New-York six. New Jersey four, Pennsylvania eight, Delaware one, Maryland six, Virginia ten, North Carolina five, South Carolina five, and Georgia three.

When vacancies happen in the Representation from any State, the Executive Authority thereof shall issue Writs of Election to fill such Vacancies.

The House of Representatives shall chuse their speaker and other Officers; and shall have the sole Power of Impeachment.

SECTION 3. The Senate of the United States shall be composed of two Senators from each State, chosen by the Legislature thereof, [see Amendment 17] for six Years; and each Senator shall have one Vote.

Immediately after they shall be assembled in Con-



FRED J. MAROO!

sequence of the first Election, they shall be divided as equally as may be into three Classes. The Seats of the Senators of the first Class shall be vacated at the Expiration of the second Year, of the second Class at the Expiration of the fourth Year, and of the third Class at the Expiration of the sixth Year, so that one third may be chosen every second Year; and if Vacancies happen by Resignation, or otherwise, during the Recess of the Legislature of any State, the Executive thereof may make temporary Appointments [see Amendment 17] until the next Meeting of the Legislature, which shall then fill such Vacancies.

No person shall be a Senator who shall not have attained to the Age of thirty years, and been nine Years a Citizen of the United States, and who shall not, when elected, be an Inhabitant of that State for which he shall be chosen.

The Vice President of the United States shall be President of the Senate, but shall have no Vote, unless they be equally divided.

The Senate shall chuse their other Officers, and also a President pro tempore, in the Absence of the Vice President, or when he shall exercise the Office of President of the United States.

The Senate shall have the sole Power to try all Impeachments. When sitting for that Purpose, they shall be on Oath or Affirmation. When the President of the United States is tried, the Chief Justice shall preside: And no Person shall be convicted without the Concurrence of two thirds of the Members present.

Judgment in Cases of Impeachment shall not extend further than to removal from Office, and disqualification to hold and enjoy any Office of honor, Trust or Profit under the United States: but the Party convicted shall nevertheless be liable and subject to Indictment, Trial, Judgment and Punishment, according to law.

SECTION 4. The Times, Places and Manner of holding Elections for Senators and Representatives, shall be prescribed in each State by the Legislature thereof; but the Congress may at any time by Law make or alter such Regulations, except as to the Places of chusing Senators.

The Congress shall assemble at least once in every Year, and such Meeting shall be on the first Monday in December, unless they shall by Law appoint a different Day. [See Amendment 20.]

Section 5. Each House shall be the Judge of the Elections, Returns and Qualifications of its own Members, and a Majority of each shall constitute a Quorum to do Business; but a smaller Number may adjourn from day to day, and may be authorized to compel the Attendance of absent Members, in such Manner, and under such Penalties as each House may provide.

Each House may determine the Rules of its Proceedings, punish its Members for disorderly Behav-

iour, and, with the Concurrence of two thirds, expel a Member.

Each House shall keep a Journal of its Proceedings, and from time to time publish the same, excepting such Parts as may in their Judgment require Secrecy; and the Yeas and Nays of the Members of either House on any question shall, at the Desire of one fifth of those Present, be entered on the Journal.

Neither House, during the Session of Congress, shall, without the Consent of the other, adjourn for more than three days, nor to any other Place than that in which the two Houses shall be sitting.

Section 6. The Senators and Representatives shall receive a Compensation for their Services, to be ascertained by Law, and paid out of the Treasury of the United States. They shall in all Cases, except Treason, Felony and Breach of the Peace, be privileged from Arrest during their Attendance at the Session of their respective Houses, and in going to and returning from the same; and for any Speech or Debate in either House, they shall not be questioned in any other Place.

No Senator or Representative shall, during the Time for which he was elected, be appointed to any civil Office under the Authority of the United States, which shall have been created, or the Emoluments whereof shall have been encreased during such time; and no Person holding any Office under the United States, shall be a Member of either House during his Continuance in Office.

[Enactment of laws]

SECTION 7. All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills.

Every Bill which shall have passed the House of Representatives and the Senate, shall, before it become a Law, be presented to the President of the United States; If he approve he shall sign it, but if not he shall return it, with his Objections to that House in which it shall have originated, who shall enter the Objections at large on their Journal, and proceed to reconsider it. If after such Reconsideration two thirds of that House shall agree to pass the Bill, it shall be sent, together with the Objections, to the other House, by which it shall likewise be reconsidered, and if approved by two thirds of that House, it shall become a Law. But in all such Cases the Votes of both Houses shall be determined by yeas and Nays, and the Names of the Persons voting for and against the Bill shall be entered on the Journal of each House respectively. If any Bill shall not be returned by the President within ten Days (Sundays excepted) after it shall have been presented to him, the Same shall

be a Law, in like Manner as if he had signed it, unless the Congress by their Adjournment prevent its Return, in which Case it shall not be a Law.

Every Order, Resolution, or Vote to which the Concurrence of the Senate and House of Representatives may be necessary (except on a question of Adjournment) shall be presented to the President of the United States; and before the Same shall take Effect, shall be approved by him, or being disapproved by him, shall be repassed by two thirds of the Senate and House of Representatives, according to the Rules and Limitations prescribed in the Case of a Bill. Section 8. The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States:

To Borrow Money on the Credit of the United States;

To regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes;

To establish an uniform Rule of Naturalization, and uniform Laws on the subject of Bankruptcies throughout the United States:

To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures;

To provide for the Punishment of counterfeiting the Securities and current Coin of the United States:

To establish Post Offices and post Roads;

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;

To constitute Tribunals inferior to the supreme Court:

To define and punish Piracies and Felonies committed on the high Seas, and Offences against the Law of Nations;

To declare War, grant Letters of Marque and Reprisal, and make Rules concerning Captures on Land and Water;

To raise and support Armies, but no Appropriation of Money to that Use shall be for a longer Term than two Years;

To provide and maintain a Navy;

To make Rules for the Government and Regulation of the land and naval Forces;

To provide for calling forth the Militia to execute the Laws of the Union, suppress Insurrections and repel Invasions;

To provide for organizing, arming, and disciplining, the Militia, and for governing such Part of them as may be employed in the Service of the United

States, reserving to the States respectively, the Appointment of the Officers, and the Authority of training the Militia according to the discipline prescribed by Congress;

To exercise exclusive Legislation in all Cases whatsoever, over such District (not exceeding ten Miles square) as may, by Cession of particular States, and the Acceptance of Congress, become the Seat of the Government of the United States, and to exercise like Authority over all Places purchased by the Consent of the Legislature of the State in which the Same shall be for the Erection of Forts, Magazines, Arsenals, dock-Yards, and other needful Buildings;— And

To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States, or in any Department or Officer thereof.

[Limits on law-making]

Section 9. The Migration or Importation of such Persons as any of the States now existing shall think proper to admit, shall not be prohibited by the Congress prior to the Year one thousand eight hundred and eight, but a Tax or duty may be imposed on such Importation, not exceeding ten dollars for each Person.

The Privilege of the Writ of Habeas Corpus shall not be suspended, unless when in Cases of Rebellion or Invasion the public Safety may require it.

No Bill of Attainder or ex post facto Law shall be passed.

No Capitation, or other direct, Tax shall be laid, unless in Proportion to the Census or Enumeration herein before directed to be taken. [See Amendment 16.]

No Tax or Duty shall be laid on Articles exported from any State.

No Preference shall be given by any Regulation of Commerce or Revenue to the Ports of one State over those of another: nor shall Vessels bound to, or from, one State, be obliged to enter, clear, or pay Duties in another.

No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time.

No Title of Nobility shall be granted by the United States: And no Person holding any Office of Profit or Trust under them, shall, without the Consent of the Congress, accept of any present, Emolument, Office, or Title, of any kind whatever, from any King, Prince, or foreign State.

SECTION 10. No State shall enter into any Treaty, Alliance, or Confederation; grant Letters of Marque and Reprisal; coin Money; emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debts; pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligation of Contracts, or grant any Title of Nobility.

No State shall, without the Consent of the Congress, lay any Imposts or Duties on Imports or Exports, except what may be absolutely necessary for executing it's inspection Laws: and the net Produce of all Duties and Imposts, laid by any State on Imports or Exports, shall be for the Use of the Treasury of the United States; and all such Laws shall be subject to the Revision and Controul of the Congress.

No State shall, without the Consent of Congress, lay any Duty of Tonnage, keep Troops, or Ships of War in time of Peace, enter into any Agreement or Compact with another State, or with a foreign Power, or engage in War, unless actually invaded, or in such imminent Danger as will not admit of delay.

ARTICLE II

[Presidential election]

SECTION 1. The executive Power shall be vested in a President of the United States of America. He shall hold his Office during the Term of four Years, and, together with the Vice President, chosen for the same term, be elected, as follows

Each State shall appoint, in such Manner as the Legislature thereof may direct, a Number of Electors, equal to the whole Number of Senators and Representatives to which the State may be entitled in the Congress [see Amendment 23]: but no Senator or Representative, or Person holding an Office of Trust or Profit under the United States, shall be appointed an Elector.

The Electors shall meet in their respective States, and vote by Ballot [see Amendment 12] for two Persons, of whom one at least shall not be an Inhabitant of the same State with themselves. And they shall make a List of all the Persons voted for, and of the Number of Votes for each; which List they shall sign and certify, and transmit sealed to the Seat of the Government of the United States, directed to the President of the Senate. The President of the Senate shall, in the Presence of the Senate and House of Representatives, open all the Certificates, and the votes shall then be counted. The Person having the greatest Number of Votes shall be the President, if such Number be a majority of the whole Number of Electors appointed; and if there be more than one who have such Majority, and have an equal Number of Votes, then the House of Representatives shall immediately chuse by Ballot one of them for President: and if no Person have a Majority, then from the five highest on the List the said House shall in like Manner chuse the President. But in chusing the President, the Votes shall be taken by States, the Representation from each State having one Vote; A quorum for this Purpose shall consist of a Member or Members from two thirds of the States, and a Majority of all the States shall be necessary to a Choice. In every Case, after the Choice of the President, the Person having the greatest Number of Votes of the Electors shall be the Vice President. But if there should remain two or more who have equal Votes, the Senate shall chuse from them by Ballot the Vice President.

The Congress may determine the Time of chusing the Electors, and the Day on which they shall give their Votes; which Day shall be the same throughout the United States.

No Person except a natural born Citizen, or a Citizen of the United States, at the time of the Adoption of this Constitution, shall be eligible to the Office of President; neither shall any Person be eligible to that Office who shall not have attained to the Age of thirty five Years, and been fourteen Years a Resident within the United States. [See Amendment 22.]

In Case of the Removal of the President from Office, or of his Death, Resignation, or Inability to discharge the Powers and Duties of the said Office, the Same shall devolve on the Vice President, and the Congress may by Law provide for the Case of Removal, Death, Resignation or Inability, both of the President and Vice President, declaring what Officer shall then act as President, and such Officer shall act accordingly, until the Disability be removed, or a President shall be elected. [See Amendment 20.]

The President shall, at stated Times, receive for his Services, a Compensation, which shall neither be encreased nor diminished during the Period for which he shall have been elected, and he shall not receive within that Period any other Emolument from the United States, or any of them.

Before he enter on the Execution of his Office, he shall take the following Oath or Affirmation:—"I do solemnly swear (or affirm) that I will faithfully execute the Office of President of the United States, and will to the best of my Ability, preserve, protect and defend the Constitution of the United States."

[Powers of President]

SECTION 2. The President shall be Commander in Chief of the Army and Navy of the United States, and of the Militia of the several States, when called into the actual Service of the United States; he may require the Opinion, in writing, of the principal Officer in each of the executive Departments, upon any Subject relating to the Duties of their respective Offices, and he shall have Power to grant Reprieves and Pardons for Offences against the United States, except in Cases of Impeachment.

He shall have Power, by and with the Advice and Consent of the Senate, to make Treaties, provided two thirds of the Senators present concur; and he shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other Offices of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

The President shall have Power to fill up all Vacancies that may happen during the Recess of the Senate, by granting Commissions which shall expire at the End of their next Session.

SECTION 3. He shall from time to time give to the Congress Information of the State of the Union, and recommend to their Consideration such Measures as he shall judge necessary and expedient; he may, on extraordinary Occasions, convene both Houses, or either of them, and in Case of Disagreement between them, with Respect to the Time of Adjournment, he may adjourn them to such Time as he shall think proper; he shall receive Ambassadors and other public Ministers; he shall take Care that the Laws be faithfully executed, and shall Commission all the Officers of the United States.

SECTION 4. The President, Vice President and all civil Officers of the United States, shall be removed from Office on Impeachment for, and Conviction of, Treason, Bribery, or other High Crimes and Misdemeanors.

ARTICLE III

[Powers of courts]

SECTION 1. The judicial Power of the United States, shall be vested in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish. The Judges, both of the supreme and inferior Courts, shall hold their Offices during good Behaviour, and shall, at stated Times, receive for their Services, a Compensation, which shall not be diminished during their Continuance in Office.

Section 2. The judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties made, or which shall be made, under their Authority;—to all Cases affecting Ambassadors, other public Ministers and Consuls;—to all Cases of admiralty and maritime Jurisdiction;—to Controversies to which the United States shall be a Party;—to Controversies between two or more States; between a State and Citizens of another State [see Amendment 11];—between Citizens of different States;—between Citizens of the same State claiming Lands under Grants of different States, and between a State, or the Citizens thereof, and foreign States, Citizens or Subjects.

In all Cases affecting Ambassadors, other public Ministers and Consuls, and those in which a State shall be Party, the supreme Court shall have original Jurisdiction. In all the other Cases before mentioned, the supreme Court shall have appellate Jurisdiction, both as to Law and Fact, with such Exceptions, and under such Regulations as the Congress shall make.

The Trial of all Crimes, except in Cases of Impeachment, shall be by Jury; and such Trial shall be held in the State where the said Crimes shall have been committed; but when not committed within any State, the Trial shall be at such Place or Places as the Congress may by Law have directed.

SECTION 3. Treason against the United States, shall consist only in levying War against them, or in adhering to their Enemies, giving them Aid and Comfort. No Person shall be convicted of Treason unless on the Testimony of two Witnesses to the same overt Act, or on Confession in open Court.

The Congress shall have Power to declare the Punishment of Treason, but no Attainder of Treason shall work Corruption of Blood, or Forfeiture except during the Life of the Person attainted.

ARTICLE IV

[Recognition of States]

SECTION 1. Full Faith and Credit shall be given in each State to the public Acts, Records, and judicial Proceedings of every other State. And the Congress may by general Laws prescribe the Manner in which such Acts, Records and Proceedings shall be proved, and the Effect thereof.

Section 2. The Citizens of each State shall be entitled to all Privileges and Immunities of Citizens in the several States.

A Person charged in any State with Treason, Felony, or other Crime, who shall flee from Justice, and be found in another State, shall on Demand of the executive Authority of the State from which he fled, be delivered up, to be removed to the State having Jurisdiction of the Crime.

No Person held to Service or Labour [see Amendment 13] in one State, under the Laws thereof, escaping into another, shall, in Consequence of any Law or Regulation therein, be discharged from such Service or Labour, but shall be delivered up on Claim of the Party to whom such Service or Labour may be due.

SECTION 3. New States may be admitted by the Congress into this Union; but no new State shall be formed or erected within the Jurisdiction of any other State; nor any State be formed by the Junction of two or more States, or Parts of States, without the Consent of the Legislatures of the States concerned as well as of the Congress.

The Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States; and nothing in this Constitution shall be so construed as to Prejudice any Claims of the United States, or of any particular State.

SECTION 4. The United States shall guarantee to every State in this Union a Republican Form of Government, and shall protect each of them against Invasion; and on Application of the Legislature, or of the Executive (when the Legislature cannot be convened) against domestic Violence.

ARTICLE V

[Amendment procedure]

The Congress, whenever two thirds of both Houses shall deem it necessary, shall propose Amendments to this Constitution, or, on the Application of the Legislatures of two thirds of the several States, shall call a Convention for proposing Amendments, which, in either Case, shall be valid to all Intents and Purposes, as Part of this Constitution, when ratified by the Legislatures of three fourths of the several States. or by Conventions in three fourths thereof, as the one or the other Mode of Ratification may be proposed by the Congress; Provided that no Amendment which may be made prior to the Year One thousand eight hundred and eight shall in any Manner affect the first and fourth Clauses in the Ninth Section of the first Article; and that no State, without its Consent, shall be deprived of its equal Suffrage in the Senate.

ARTICLE VI

[Law of the land]

All Debts contracted and Engagements entered into, before the Adoption of this Constitution, shall

be as valid against the United States under this Constitution, as under the Confederation.

This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.

The Senators and Representatives before mentioned, and the Members of the several State Legislatures, and all executive and judicial Officers, both of the United States and of the several States, shall be bound by Oath or Affirmation, to support this Constitution; but no religious Test shall ever be required as a Qualification to any Office or public Trust under the United States.

ARTICLE VII

[Ratification requirement]

The Ratification of the Conventions of nine States, shall be sufficient for the Establishment of this Constitution between the States so ratifying the Same.

Amendments

[The first 10 Amendments were ratified December 15, 1791, and form what is known as the "Bill of Rights"]

Amendment 1

[Freedom of religion]

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

Amendment 2

[Right to bear arms]

A well regulated Militia, being necessary to the security of a free State, the right of people to keep and bear Arms, shall not be infringed.

Amendment 3

[Forced quartering prohibited]

No Soldier shall, in time of peace be quartered

in any house, without the consent of the Owner, nor in time of war, but in a manner to be prescribed by law.

Amendment 4

[Unreasonable search outlawed]

The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

Amendment 5

[Grand Jury provided]

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

Amendment 6

[Speedy trial required]

In all criminal prosecutions, the accused shall enjoy the right to a speedy and public trial, by an impartial jury of the State and district wherein the crime shall have been committed, which district shall have been previously ascertained by law, and to be informed of the nature and cause of the accusation; to be confronted with the witnesses against him; to have compulsory process for obtaining witnesses in his favor, and to have the Assistance of Counsel for his defence.

Amendment 7

[Jury right]

In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

Amendment 8

[Punishments limited]

Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishments inflicted.

Amendment 9

[Other rights]

The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people.

Amendment 10

[Powers reserved]

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Amendment 11

(Ratified February 7, 1795)
[Limitation on courts]

The Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State.

Amendment 12

(Ratified July 27, 1804) [Election procedure]

The Electors shall meet in their respective states and vote by ballot for President and Vice-President, one of whom, at least, shall not be an inhabitant of the same state with themselves; they shall name in their ballots the person voted for as President, and in distinct ballots the person voted for as Vice-President, and they shall make distinct lists of all persons voted for as President, and of all persons voted for as Vice-President, and of the number of votes for each, which lists they shall sign and certify, and transmit sealed to the seat of the government of the United States, directed to the President of the Senate;-The President of the Senate shall, in the presence of the Senate and House of Representatives, open all the certificates and the votes shall then be counted;-The person having the greatest number of votes for President, shall be the President, if such number be a majority of the whole number of Electors appointed; and if no person have such majority, then from the persons having the highest numbers not exceeding three on the list of those voted for as President, the House of Representatives shall choose immediately, by ballot, the President. But in choosing the President, the votes shall be taken by states, the representation from each state having one vote; a quorum for this purpose shall consist of a member or members from twothirds of the states, and a majority of all the states shall be necessary to a choice. And if the House of Representatives shall not choose a President whenever the right of choice shall devolve upon them, before the fourth day of March next following, [See Amendment 20.] then the Vice-President shall act as President, as in the case of the death or other constitutional disability of the President.-The person having the greatest number of votes as Vice-President, shall be the Vice-President, if such number be a majority of the whole number of Electors appointed, and if no person have a majority, then from the two highest numbers on the list, the Senate shall choose the Vice-President; a quorum for the purpose shall consist of two-thirds of the whole number of Senators, and a majority of the whole number shall be necessary to a choice. But no person constitutionally ineligible to the office of President shall be eligible to that of Vice-President of the United States.

Amendment 13

(Ratified December 6, 1865) [Slavery abolished]

SECTION 1. Neither slavery nor involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted, shall exist within the United States, or any place subject to their jurisdiction.

Section 2. Congress shall have power to enforce this article by appropriate legislation.

Amendment 14

(Ratified July 9, 1868) [Equal rights]

Section 1. All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to

any person within its jurisdiction the equal protection of the laws.

Section 2. Representatives shall be apportioned among the several States according to their respective numbers, counting the whole number of persons in each State, excluding Indians not taxed. But when the right to vote at any election for the choice of electors for President and Vice President of the United States, Representatives in Congress, the Executive and Judicial officers of a State, or the members of the Legislature thereof, is denied to any of the male [See Amendment 19.] inhabitants of such State, being twenty-one years of age, and citizens of the United States, or in any way abridged, except for participation in rebellion, or other crime, the basis of representation therein shall be reduced in the proportion which the number of such male citizens shall bear to the whole number of male citizens twenty-one years of age in such State.

Section 3. No person shall be a Senator or Representative in Congress, or elector of President and Vice President, or hold any office, civil or military, under the United States, or under any State, who, having previously taken an oath, as a member of Congress, or as an officer of the United States, or as a member of any State legislature, or as an executive or judicial officer of any State, to support the Constitution of the United States, shall have engaged in insurrection or rebellion against the same, or given aid or comfort to the enemies thereof. But Congress may by a vote of two-thirds of each House, remove such disability.

Section 4. The validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions and bounties for services in suppressing insurrection or rebellion, shall not be questioned. But neither the United States nor any State shall assume or pay any debt or obligation incurred in aid of insurrection or rebellion against the United States, or any claim for the loss or emancipation of any slave; but all such debts, obligations and claims shall be held illegal and void.

SECTION 5. The Congress shall have power to enforce, by appropriate legislation, the provisions of this article.

Amendment 15

(Ratified February 3, 1870)
[Right to vote]

Section 1. The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of race, color, or previous condition of servitude.

SECTION 2. The Congress shall have power to enforce this article by appropriate legislation.

Amendment 16

(Ratified February 3, 1913)
[Income tax authorized]

The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

Amendment 17

(Ratified April 8, 1913) [Election of Senators]

The Senate of the United States shall be composed of two Senators from each State, elected by the people thereof for six years; and each Senator shall have one vote. The electors in each State shall have the qualifications requisite for electors of the most numerous branch of the State legislatures.

When vacancies happen in the representation of any State in the Senate, the executive authority of such State shall issue writs of election to fill such vacancies: *Provided*, That the legislature of any State may empower the executive thereof to make temporary appointments until the people fill the vacancies by election as the legislature may direct.

This amendment shall not be so construed as to affect the election or term of any Senator chosen before it becomes valid as part of the Constitution.

Amendment 18

(Ratified January 16, 1919)
[Prohibition]

Section 1. After one year from the ratification of this article the manufacture, sale, or transportation of intoxicating liquors within, the importation thereof into, or the exportation thereof from the United States and all territory subject to the jurisdiction thereof for beverage purposes is hereby prohibited. [See Amendment 21.]

Section 2. The Congress and the several States shall have concurrent power to enforce this article by appropriate legislation.

SECTION 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of the several States, as provided in the Constitution, within seven years from the date of the submission hereof to the States by the Congress.

Amendment 19

(Ratified August 18, 1920) [Vote for women]

The right of citizens of the United States to vote shall not be denied or abridged by the United States or by any State on account of sex. Congress shall have power to enforce this article by appropriate legislation.

Amendment 20

(Ratified January 23, 1933) [Presidential, Congressional terms]

SECTION 1. The terms of the President and Vice President shall end at noon on the 20th day of January, and the terms of Senators and Representatives at noon on the 3d day of January, of the years in which such terms would have ended if this article had not been ratified; and the terms of their successors shall then begin.

SECTION 2. The Congress shall assemble at least once in every year, and such meeting shall begin at noon on the 3d day of January, unless they shall by law appoint a different day.

Section 3. If, at the time fixed for the beginning of the term of the President, the President elect shall have died, the Vice President elect shall become President. If a President shall not have been chosen before the time fixed for the beginning of his term, or if the President elect shall have failed to qualify, then the Vice President elect shall act as President until a President shall have qualified; and the Congress may by law provide for the case wherein neither a President elect nor a Vice President elect shall have qualified, declaring who shall then act as President, or the manner in which one who is to act shall be selected, and such person shall act accordingly until a President or Vice President shall have qualified.

SECTION 4. The Congress may by law provide for the case of the death of any of the persons from whom the House of Representatives may choose a President whenever the right of choice shall have devolved upon them, and for the case of the death of any of the persons from whom the Senate may choose a Vice President whenever the right of choice shall have devolved upon them.

SECTION 5. Sections 1 and 2 shall take effect on the 15th day of October following the ratification of this article.

SECTION 6. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission.

Amendment 21

(Ratified December 5, 1933)
[Prohibition repealed]

Section 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

Section 2. The transportation or importation into any State, Territory, or possession of the United

States for delivery or use therein of intoxicating liquors, in violation of the laws thereof, is hereby prohibited.

SECTION 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within seven years from the date of the submission hereof to the States by the Congress.

Amendment 22

(Ratified February 27, 1951) [Two terms for President]

SECTION 1. No person shall be elected to the office of the President more than twice, and no person who has held the office of President, or acted as President, for more than two years of a term to which some other person was elected President shall be elected to the office of the President more than once. But this Article shall not apply to any person holding the office of President when this Article was proposed by the Congress, and shall not prevent any person who may be holding the office of President, or acting as President, during the term within which this Article becomes operative from holding the office of President or acting as President during the remainder of such term.

Section 2. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by the legislatures of three-fourths of the several States within seven years from the date of its submission to the States by the Congress.

Amendment 23

(Ratified March 29, 1961) [Electors for the District of Columbia]

Section 1. The District constituting the seat of Government of the United States shall appoint in such manner as the Congress may direct:

A number of electors of President and Vice President equal to the whole number of Senators and Representatives in Congress to which the District would be entitled if it were a State, but in no event more than the least populous State; they shall be in addition to those appointed by the States, but they shall be considered, for the purposes of the election of President and Vice President, to be electors appointed by a State; and they shall meet in the District and perform such duties as provided by the twelfth article of amendment.

Section 2. The Congress shall have power to enforce this article by appropriate legislation. END

REPRINTS of "The Constitution of the United States of America" may be obtained for 35 cents a copy, or \$16 per 100 postpaid from Nation's Business, 1615 H St., N. W., Washington, D. C., 20006. Please enclose remittance with order.

INFLATION

continued from page 31

in government responsibility among institutions and individuals with funds to save could force the government into inflationary deficit management.

"One could feed on the other," he says, "and this would lead to a stepping up of the pace of inflation."

Rep. Thomas Curtis of Missouri points out that Walter Heller, chairman of the Council of Economic Advisers, testified that financing of the temporary deficit increase resulting from the tax cut through savings would have a dampening effect on the desired economic stimulation.

Monetary inflation, economists agree, can be translated into pres-

supply and demand, under which more money would be available through government spending without a corresponding increase in production.

Economy advocates see a whole series of expansionary factors and other forces which, when added to a tax cut and increased spending. could cause inflation.

sure on prices through the laws of

Several point out that the Federal Reserve system has been following a moderately expansionary policy in increasing bank reserves.

One authority notes that total loans and investments in a one-year period increased from \$222 billion to \$241 billion, a nine per cent rise far outstripping the increase in national output and other measures of economic activity.

Others point to increases in consumer debt and mortgage debt in particular, plus some deterioration in the quality of debt.

Although figures for unemployment are high, the rate is considerably lower among married men; this category, in fact, is approaching the full employment level.

This, plus the fact that many of the unemployed are women, teenagers, and the generally unskilled, suggests that inflationary policies would create pressure to raise the wages of the skilled employed, rather than put many jobless back to work

Much of the unused industrial capacity counted on to absorb increased demand in the economy is obsolete. Just as putting unskilled workers to work would increase production costs, so would increased use of inefficient plant and equipment.

What inflation would do

Many of the consequences of inflation are outlined by Dr. Leslie C. Peacock, deputy manager of the American Bankers Association, who tells NATION'S BUSINESS.

"It is our view that unless the tax cut is accompanied by very strict control over federal spending we will likely find that the cost and price pressures resulting from the combination of rising economic activity, further expansion in federal spending, and enlargement of private purchasing power could leave us in a position which would make more difficult than ever achievement of international equilibrium and domestic economic growth."

One element of the problem is world-wide confidence in the dollar and the nation's balance of payments problems, which could be harmed further by wage increases. Dr. Peacock adds:

"With the economic stimulus provided by both a tax cut and a spending increase, against a background of strong economic activity, the task of assuring that wage increases are no greater than productivity gains is likely to prove very difficult."

Finally, he warns: "One of the objectives of the tax cut, to encourage business investment and improved productivity, is likely to be jeopardized if the prospects are for further inflationary deficits."

Congressman Curtis adds that the closing of an American factory because of import competition is as much a consequence of inflation as over-all price increases.

Controls could result

Thus lack of political restraint could lead to controls, says Professor Beckhart, citing the proposal to impose an interest equalization tax on investments abroad.

"I would hate to see us go down that road," he says.

"It would be followed by various types of domestic controls [including price controls]. That's almost the universal history of controls. It may take some time for that to come about but that's the usual sequence."

Of course, many who are aware of an inflationary threat do not share Professor Beckhart's pessimism. Walter Fackler, associate dean of the University of Chicago's School of Business, puts it this

"I don't see any immediate inflationary pressures.

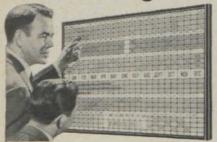
"Government spending does tend to keep going up. I think it would be foolish to think that that trend would be reversed."

A tax cut should help hold spending down, he says, because of the size of the prospective deficit. "Not that you're going to reverse the trend, but you might slow it down." But he warns:

"There are certainly latent inflationary possibilities. If we have the tax cut and the Federal Reserve Board continues to be mildly expansionary and because of an election year you get a lot of new government programs, the possibilities of inflationary pressure building would be there.

If taxes were not cut, he adds, recourse to massive government spending as an alternative economic stimulant would be far more inflationary.

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27 28 29 30	25 26 27 28 29 30 31	29 30	27 28 29 30 31

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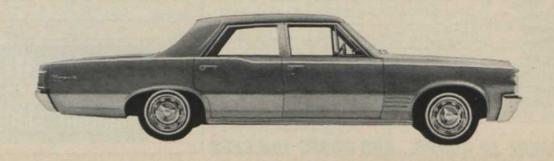
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Stronger foreign competition coming

Top executives from Europe and Japan foresee prospects and problems for U.S. businessmen

Business prospects for 1964 are generally being described in optimistic terms, particularly if taxes are cut.

But life won't become simple for the American businessman. He will face continuing intensive pressure to cut costs, improve products, and use imaginative salesmanship.

From nowhere does this warning for 1964—and beyond—come more clearly than from hard-headed foreign businessmen intent on selling more at home and abroad, especially in the U.S.

For a look at international business trends in the future and for foreigners' ideas about the U. S. economy, Nation's Business interviewed four men who know well what's going on in business in both their own countries and in the U. S. The picture they draw is this:

The American exporter will find expanding markets overseas this year as the present wave of prosperity builds up in Western Europe and Japan. But he will also face tough competition from manufacturers who are automating, whittling costs, and jazzing up designs.

Growing German companies, for instance, are adapting American techniques of management and automation in an attempt to become tougher competitors

He will find more foreign exporters trying to outsell him in third countries. Japanese businessmen, for example, aim to switch much of their raw material purchases from the U. S. to Southeast Asia so countries in that region will be able to buy more Japanese manufactures.

And if he hankers for markets behind the Iron Curtain, he'll soon discover that British, German, Italian, French, and other competitors have presented their cards first. Nor is your company safe if it counts simply on business at home.

You can expect sales challenges from such enterprising salesmen as those Britishers who have already written orders from U. S. airlines for transports.

And you can be sure that many industries here will get less protection in the future from tariffs and other import barriers. Foreign diplomats led by those of the European Common Market will see to that when Geneva negotiations on international tariff-cutting start the middle of this year.

The four men interviewed were:

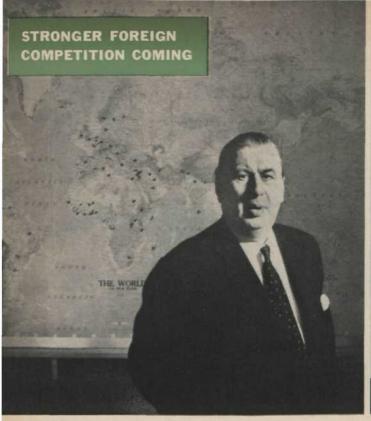
Peter Francis Runge, president of the Federation of British Industries, a leading organization speaking for British business. Mr. Runge, 54, is also vice chairman of Tate & Lyle Ltd., a large British sugar company.

Robert Marjolin, vice president of the commission that manages the European Economic Community—better known as the Common Market. A Frenchman, the 52-year-old M. Marjolin is the E.E.C.'s top economic planner.

Will Marx, general manager of the Commerzbank, located in West Germany. This is one of Germany's "Big Three" banks, has branches throughout West Germany and Berlin, and, as do other German banks, acts as a securities trader as well as fulfilling the functions of American commercial banks.

Shigeo Horie, chairman of the board and president of the Bank of Tokyo, Ltd., Japan's largest bank for foreign trade. A leading economist as well as banker, Mr. Horie has represented his bank in London and elsewhere in the past.

The interviews begin on the following pages.





America, Russia both provide expanding markets, says Peter Runge, president of the Federation of British Industries Bank of Tokyo's president Shigeo Horie sees a gradual shift in Japan's trade from American to South Asian suppliers

Mr. Runge, some figures show corporate investment in new plant and equipment has been sliding off in Britain. Is there a sign of a turnaround?

I don't think so. What has happened is that the capacity that became unused two years ago is now being filled.

Do you mean that British manufacturers are cutting unit costs as they get into greater volume production in their plants?

Yes, I do. And you can see it; we are extremely competitive in the world market today. Much more so than we were a year ago. That is not only due to the fact that European companies, particularly, are getting into an area of increasing costs. Costs have been most stable in Britain during the past year.

You have, in the past, had some problem with rising wage costs. Has this been stabilized?

Yes. We have the National Economic Development Council, NEDDY. Its view is that we can tolerate a three per cent increase in wages per annum. Productivity can rise fast enough to keep costs steady if wages increase at that rate. At the moment, it looks as though wages can be kept down to an increase of three per cent per annum.

Would this be true if the Labor Party should win the next election?

There is greater danger of wage inflation if Labor wins. This is only a personal (continued on page 76)

Mr. Horie, what are the prospects for trade between Japan and the United States this year?

As you know, we depend on the United States for about one third of our trade. Imports from the United States are expected to increase. This will have to be met by a corresponding rise in our exports to the United States to cover the imports.

As far as the world trade picture is concerned, the balance-of-payments position of the United Kingdom and other European countries is good. As far as the United States is concerned, the picture is brighter for the next year also.

American exports to Japan have been heavy in raw materials: cotton, coal, and other things. Japanese exports have been in manufactured goods. Do you expect this pattern to continue?

I believe our importation from the United States should be concentrated on machinery and other industrial parts, which would be tied in with other capital investments.

In the case of Japan's importation of raw materials, my personal view is that they should be imported from Southeast Asia. For example, from Thailand and Burma.

Our purchase of corn would help the Southeast Asian countries. Their exports, in turn, would permit them to import from us.

My view, therefore, is that it would be better for us to try to shift the import market for raw materials from the United States (continued on page 76)





PHOTOS: R. PHILLIPS, G. LOHR, C. PURCELL

German industry girds for sales battle by automating and improving management, asserts Will Marx, Commerzbank, Hamburg Common Market lands will seek more U. S. goods plus tariff cuts here, predicts
Robert Marjolin, E. E. C. vice president

Mr. Marx, what are the prospects for German business in 1964?

We have what we call in Germany a split boom. There are some branches of industry which are going very well, for example, the automobile industry. Others are less good, for example, the textile and iron and steel industries. The real increase in Germany's gross national product in 1962 was $4\frac{1}{2}$ per cent. For 1963 it was only three per cent. I hope that in 1964 this figure will increase to about four per cent.

The German export business has improved in recent months. The export order books of about every branch have been filled again. Since last spring business development in general has been satisfactory, especially in the housing, construction, automobile, chemical, and refinery industries. The automobile industry had an increase of 14 per cent in production during the first eight months. This branch covers nearly 10 per cent of the total German industrial production if suppliers are included.

Wages in 1962 were up 10 per cent. Last year for the first time, industry came to long-term arrangements with unions on labor union contracts. We are optimistic. We believe that these new agreements will be a good basis for the future of the German economy.

Stable labor costs?

Yes, relatively. Labor costs went up only 5.5 per cent in 1963. We (continued on page 58)

Mr. Marjolin, is industry's investment in new plant in Europe slowing down? And if so, does this portend a future slowdown in the Common Market's industrial growth?

Industrial investments are still rising in Europe. What you might call productive investments, investments in plants and machinery as distinct from housing and electricity. But they are going up at a slower rate than in the past. In the present European boom, this is the weakest factor. The strongest factors are consumption and government expenditures.

Exports are picking up. Industrial investments are still going up, but at a slower pace. I would not hasten to pass judgment on this situation. After all, there was a big boom in investments in '60, '61, and '62, and it may not be unreasonable for consumption now to develop to the point where full use will be made of the increased capacities which were created in the past years.

What are the prospects for trade between the U. S. and Common Market countries?

In the past few years the European trade deficit has been steadily increasing. Since the creation of the Common Market in 1958, there is no doubt that it has been the strongest factor in the development of world trade. Our imports from 1958 to '62 from the rest of the world as a group increased by about 40 per cent, at a much faster rate than American imports or than British imports.

Our trade deficit with the United States has about

MARJOLIN

continued

doubled between 1958 and the first half of 1963. It was about \$1.5 million in 1958. In the first half of 1963 alone, it reached \$1.3 billion. I want to stress that we do not consider that this deficit due to rapidly increasing imports is a bad thing. We feel that on the whole it has been a healthy development. It certainly has lessened monetary tensions in the free world.

Will this continue in 1964?

Yes. There are what I would call inflationary trends in France and Italy and also tensions in other countries—the Dutch are trying to prevent larger increases in wages. Normally, therefore, our trade position might deteriorate further.

But from the American point of view an improvement in opportunities to sell?

That is right.

Consumer goods, as well as producer goods?

Yes. The increase in imports of consumer goods has been especially striking.

Will European inflationary trends gradually help solve the American balance-of-payments problems?

It is one of the factors which makes me optimistic about the future of the American balance of payments.

If you compare wage costs per unit in the United States and in Europe over the past two or three years, the result has been equivalent to a revaluation of several European currencies by about 10 to 15 per cent.

Are these countries trying to reduce imports?

Not directly, and this is a good sign.

For instance, when the French took steps to stabilize their situation, instead of re-establishing import restrictions or increasing tariffs, they lowered tariffs.

The Italians are moving in the same direction, which is a good sign. It shows that our commercial policies are of a very good character.

Do you anticipate this attitude will show up in the coming tariff negotiations?

Yes, in the sense that the idea of an important reduction in tariffs is fully accepted on the European side.

But we shall certainly want full reciprocity. We aim, of course, at getting as large a harmonization of tariffs as possible, but we are willing to look for reasonable compromises.

What will the trading prospects between the two areas mean to the American balance of payments?

There is no doubt that this large increase in our trade deficit in the past few years, and especially in 1963, has been very helpful for America.

The American balance-of-payments deficit, however, is largely due to capital exports. My own feeling is that those capital exports are not going to last.

Irrespective of any national restrictions?

Irrespective—but this is a hunch more than a reasoned conviction. With the American economy picking up and with inflationary tendencies in Europe, if I were an American, I would now have a tendency to invest more at home and less abroad.

Of course, I make a distinction here between direct investments and purchases of securities. Insofar as direct investments are concerned, it is quite clear that when an American firm has a branch abroad, and the market is good, it will go on investing. At what pace, it is difficult to say. It depends on the

country and the firm. But it will go on.

But, in general, if, as we can expect, the American recovery develops, there will be a tendency for American capital to stay at home and even for European capital to go to the United States.

Are there going to be any Common Market restrictions on American direct investments?

No. It is neither our interest nor our intention to put a restriction on these investments.

What are the prospects for trade with the communist countries?

I don't know. It is a very small part of our trade. If the political tensions decrease, it is probable there will be an increase in trade. But the big question is what the Russians have to give. What can they export?

They seem to be short of foodstuffs, the kind of consumer goods they could export are not up to the standards which we like in the West.

They want to import capital goods which means that they haven't got enough for themselves.

They have some raw materials and some specialized products. They have oil and the Poles, especially, have coal. The Russians have caviar, vodka, crab meat, and furs, but that doesn't represent much. I don't see any indication that this limiting factor will disappear in the near future.

MARX continued from page 57

hope this figure will not increase this year.

In Germany we have full employment. This has a big influence on all production for consumers. Television, radios, the big shopping centers, warehouses. People want their own homes and want more rooms than they had before. This is good for the future of building. Also automobiles. To buy a car is no longer a big investment in Germany; it is a thing of daily life as it is in the U. S.

What is Germany's trade picture?

In 1963 we had a surplus in our balance of payments again. During the first eight months of the year, this surplus totaled 1.4 billion Deutschemarks. (One West German mark equals 25 cents.) This surplus is due not only to a higher

foreign trade balance but also to an inflow of foreign capital.

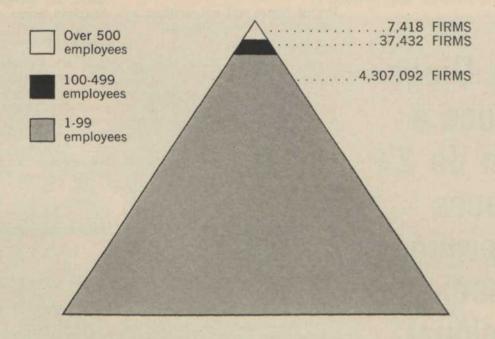
How much of this increase in German trade is with the United States?

During the first eight months of 1963, German exports to the United States increased by approximately eight per cent. Our exports to other Common Market countries showed an even greater increase, especially to France and Italy where the price level showed an upward trend. On the other hand, our imports from the United States increased by approximately 16 per cent to \$1.3 billion.

What will be the trade pattern this year?

In my opinion, we will have bigger imports from the United States but German exports to the

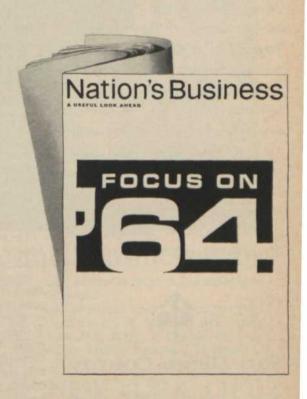
THE BUSINESS MARKET ANALYSIS BY EMPLOYEE SIZE



SOURCE: U.S. Department of Commerce

DEPTH

The business market is shaped like a pyramid. At the top, few in number, but enormous in size, the giant corporations: "big business." In the base, the multitudes of growing, expanding firms employing fewer than 500 people. There are 4,344,524 of the latter . . . 99% of the total market. If you sell to business and industry, you can't afford to overlook the giants. But it's clear that there is much more to the business market than these 7,418 companies. It's the vast number of smaller firms that make up the major portion of your market, hold the best hope for profitable sales growth. NATION'S BUSI-NESS 750,000-plus audience is pyramided in much the same way. With 26,000 executives in the 500 largest corporations, plus selective coverage of the presidents, owners, partners in more than 500,000 other companies, you get coverage in depth of the whole business market ... when you advertise in NATION'S BUSINESS.



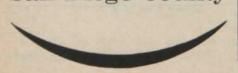


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San Diego County



MARX

continued

United States will not continue to increase to the same extent.

Why is this?

We see ourselves confronted with stronger competition in the American market. Japan is increasing its export activities to United States markets, especially for cameras. One third of our exports to the United States are covered by automobiles. I spoke recently with Professor Nordhoff, president of Volkswagen A. G. He showed himself optimistic concerning future sales to the United States. There might be some danger, however, in the fact that a single product covers such a major part of our exports.

In what fields will American exports to Germany go up?

Machines. The main production in German industry has changed in the past three years. At first, after the war ended, the biggest emphasis was on steel and heavy industry. It is going now to the machinery industry, cars, consumer goods.

We will require a lot of industrial equipment from the United States. There are no manufacturers in Germany, for example, who can compete with your electronic industry, such as IBM. In general, we are still behind United States corporations in automation. In this field, I see good possibilities for American suppliers.

What is the prospect for American investment in Germany?

I think most of our leading businessmen have no objections to American investment in Germany. Such investment will encourage and support enough markets both in export and import trade. As we wish to make use of the advantages of a liberalized economy and a free capital market, we will have to fear also the risk of stronger competition.

In principle we have nothing against American banks opening branches in our country.

Speaking of private investments, there is but one point which worries some German businessmen. An investment of, say, \$10 million is not a very big amount of money for many United States corporations. Converted into German D-Marks this represents about 40 million D-Marks which is a big sum of money for the German market. Therefore, there is some fear on the German side equal to the feeling David had

when he confronted Goliath. Quite frankly there are also political reasons to encourage American investments in Germany. The more American money coming into Germany, the better will be the political cooperation.

What are the prospects for trade with communist countries?

We think it is necessary to trade some with Eastern European countries. Of course, in doing so, we have to consider the political aspects. Therefore, we have to control our trade with these countries. Before the war, 16 per cent of our

Will unions gain more influence over judges whose rulings affect your business? That's labor's latest goal. Facts are on page 32

exports went to these areas. Now the figure has gone down to six per

Is German business management behind that of American companies? Are German companies catching up?

Most German industry is organized vertically rather than horizontally as is the case in the United States. American management delegates its authority to lower levels more frequently than is the case in German companies. I believe that the form of organization in the United States is generally more efficient than in European countries. There are, however, efforts being made to conform more to the American pattern of management.

Doesn't this mean more efficiency for German business?

Yes, you are right.

German companies, then, will be stronger competitors because of management improvements?

Absolutely. END



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What's needed to boost

Federal policy restrains export trade of nation

THE VOLUME of goods that American industry sells abroad is expected to rise this year to a record level.

Trade experts say an even larger increase is needed, however, and could be possible except for an important factor:

Some of the government's policies act as roadblocks to trade, despite its avowed interest in promoting exports.

Interviews with leading American businessmen confirm this.

Some government aims are helpful. Tax reduction would provide incentives for new business investment and help lower production costs, enhancing our competitive position in world markets.

On the other hand, a banking official points out, continuation of high federal spending tends to encourage inflation, which would push up wages and material costs and make it vastly more difficult for American business to compete.

Businessmen cite this country's antitrust laws as an important factor inhibiting foreign trade growth. David Sarnoff, chairman of the board of the Radio Corporation of America, says:

"The basic difficulty which the United States antitrust laws impose on American business abroad is that they do not permit us to compete on equal terms with foreign business

"This tends to discourage investment and participation by American business in foreign enterprises. It therefore reduces American income from abroad."

In the area of taxation, Ray R. Eppert, president of the Burroughs Corporation, told NATION'S BUSINESS:

"If we are to stimulate foreign trade we



"U. S. policies should be consistent enough for industry to regard export trade as continuing and profitable"

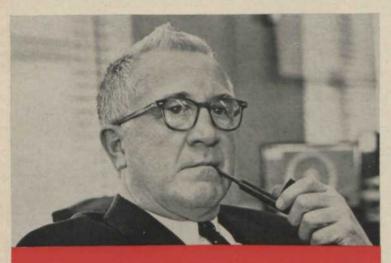
> CHARLES ALLEN THOMAS Chairman of the board Monsanto Chemical Company



"The United States antitrust laws do not permit us to compete with foreign business on equal terms"

> DAVID SARNOFF Chairman of the board Radio Corporation of America

sales abroad



"We must leave behind us policies devoted only to domestic trade and political considerations"

> CARL J. GILBERT Chairman of the board The Gillette Company



"My guess is that our bargaining will be a good deal tougher and more realistic than in the past"

> FRED C. FOY Chairman of the board Koppers Company

must repeal the sections of the Revenue Act of 1962 that deal with overseas operations. They impose great difficulties on U. S. companies operating in world markets.

"Most companies that have been overseas for decades may be able to roll with the punch, but these provisions are a strongly discouraging factor for new companies that want to get into foreign markets."

There is an undercurrent of feeling in the business community that our government has not taken full advantage of its strong bargaining position in past tariff negotiations and must take a firmer line in the upcoming negotiations under the General Agreement on Tariffs and Trade.

John M. Mitchell, executive vice president of the Aluminum Company of America, says:

"We're pleading for a realistic approach to the question of tariff negotiations. The United States has reduced tariffs dramatically since World War II without corresponding reductions by other countries. Our negotiators should be just as hard-nosed as the Common Market negotiators.

"We need access to overseas markets which is equal to the access to U. S. markets enjoyed by foreign competitors. This means that nontariff barriers also will have to be reduced or equalized."

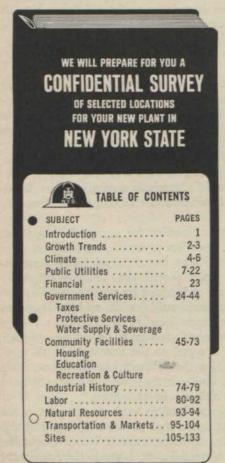
Business leaders and government trade officials agree that perhaps the most fertile field for boosting exports lies in inducing more companies to launch themselves in foreign trade.

"I believe there are great opportunities for increasing United States exports," says Thomas J. Watson, Jr., IBM Corporation's board chairman. "While business, labor, and government can all be helpful, the best hope for expansion lies within the business community itself."

Lammot du Pont Copeland, president of E. I. du Pont de Nemours & Company, stresses this point:

"One of our first responsibilities is to find the means to strengthen industrial export programs. I emphasize the word 'strengthen' rather than 'increase' because the export sales of traditional, old-line products will

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Keith S. McHugh, Commissioner New York State Department of Commerce

SALES ABROAD

continued

probably level off or even decline in the face of new capacity abroad.

"But we can strengthen total export sales and keep them at their present high level, or perhaps even slightly above, by continuous infusion of new products to the export sales lines. In view of the rapid growth of local competition in foreign markets, this would be a substantial achievement."

If businessmen and federal officials are agreed on the need to bring more American companies into overseas markets—while also encouraging current exporters to boost their activities—they often part company on the question of what steps are required to accomplish this.

Businessmen contend that, although the Commerce Department is working hard to raise our export level, certain policies of the Justice and Treasury Departments and Federal Trade Commission have the opposite effect. Some Commerce Department officials tend to agree with them, at least in part. As a result, interdepartmental discussions hold some hope of eventually improving the situation.

The key to the problem lies in a point made by Dr. Charles Allen Thomas, chairman of the board of Monsanto Chemical Company:

"United States trade policies should be consistent enough so that industry will be encouraged to regard export trade as a continuing and profitable enterprise."

Antitrust enforcement

The divergence between the government's goal of expanding exports and the way it applies the antitrust laws to foreign trade disturbs many businessmen and legal experts. Prof. S. Chesterfield Oppenheim of the University of Michigan Law School, a leading antitrust authority, terms the problem one of "outmoded thinking about the jurisdictional reach of American antitrust laws."

Much of the difficulty lies in a nagging uncertainty on the part of corporate executives and their legal counsel as to what can and what can't be done in overseas operations without incurring antitrust prosecution. The uncertainty over how the laws will be interpreted is similar to that which exists in domestic commerce, except "multiplied by two or three," one lawyer comments.

"You stand there with the sword of Damocles hanging over your head," says Alonzo B. Kight, president of the Borg-Warner International Corporation.

"You know that the cost of defending an antitrust action may be many times the profits which would come from a proposed venture, so you don't go into it. As a result, a large part of U. S. industry's portfolio of know-how stands stagnant after it is used in domestic markets."

U. S. antitrust laws discourage and in many cases prevent American companies from entering profitable overseas markets either directly or through licensing or joint ventures, businessmen say. They add that foreign manufacturers are much more free to take full advantage of such opportunities.

"When an American company competes abroad with a foreign company it must comply with the foreign law to which the foreign company is subject," Mr. Sarnoff explains. "But our courts have held that the American antitrust laws have extraterritorial effect. As a result, the American company also must comply with the American law, to which the foreign company is immune.

"To illustrate, American companies encounter obstacles under our antitrust laws if they participate with other American companies or with foreign companies in joint research, development, or marketing programs abroad, or in the allocation of foreign marketing areas with such companies. Foreign companies are not faced with these obstacles.

"The net result is that foreign revenues, which American companies could obtain, go to foreign competition."

A U. S. company with specialized know-how may see an opportunity to expand into overseas markets by licensing a Japanese firm to make its product with machinery and components exported from this country. Under the antitrust laws, however, the American firm cannot prohibit the licensee from selling the product in the U.S. market. It must either forgo the opportunity or run the risk of building competition in its own home market. This is only one of a number of ways in which the antitrust laws frustrate export expansion.

Businessmen urge either an overhaul or a more realistic interpretation of the antitrust laws as they apply to overseas operations. Mr. Sarnoff has proposed creation of a



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SALES ABROAD

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federal agency separate from the Justice Department and FTC with authority to grant exemption from antitrust regulations in foreign operations. A similar suggestion has been made by the Committee on International Trade and Investment of the American Bar Association Section of International and Comparative Law. Sen. Jacob K. Javits of New York intends to push in this session of Congress his bill calling for a re-examination of the antitrust statutes as one part of an effort to expand foreign trade.

There has been some evidence recently of a more sympathetic attitude on the part of the Justice Department and the FTC. The new federal antitrust chief, Assistant Attorney General William H. Orrick, Jr., has stated that he will extend the government's advance clearance procedure, now used in merger cases, to problems arising from antitrust law application to foreign commerce. FTC Chairman Paul Rand Dixon says that his agency will give advisory opinions on proposed operations under the Webb-Pomerene Act, which exempts multicompany export associations from some antitrust restrictions. Businessmen term these proposals a step in the right direction, but far from a complete answer to the problem.

Tax policy

Certain provisions of the Revenue Act of 1962 also run counter to the government's expressed goal of encouraging export expansion, business leaders point out.

The Act requires that income earned abroad by foreign subsidiaries of U. S. companies be taxed currently. Prior to the Act corporations were able to hold such income abroad for reinvestment and expansion, with the income subject to tax only after it was later returned to the parent corporation. Foreign companies still enjoy this important advantage.

The outflow of dollars from this country to build plants abroad upsets Treasury Department officials and others concerned over its short-range effect on our balance of payments deficit.

Taking a longer-range view, however, businessmen point out that overseas investments stimulate exports in most cases. This benefits the balance of payments, as does the later return of earnings from overseas investment, which often exceed the original investment in a relatively short period of time. Export expansion comes about through materials, machinery, and components shipped to an affiliated operation overseas. The greater penetration of the foreign market which results often leads to increased exports of finished products from the U. S.

"We would much prefer to serve world markets from our U. S. plants," Mr. Copeland says. "But this choice is governed to a large extent by factors out of our control.

"In the developed markets, the success of an export program sometimes leads to a level of business which justifies local manufacture, and customers become increasingly insistent on a local source of supply.

"Since there are other potential producers in each of our product lines, a competitor will build a plant there if we don't In the developing countries there are other factors—close government control of the economy which closes the border to imports when the first local producer is established, tariffs and other trade restrictions.

"The point is that the export business in both these areas will be lost in any event. But if we build the plant, we lose the market to ourselves.

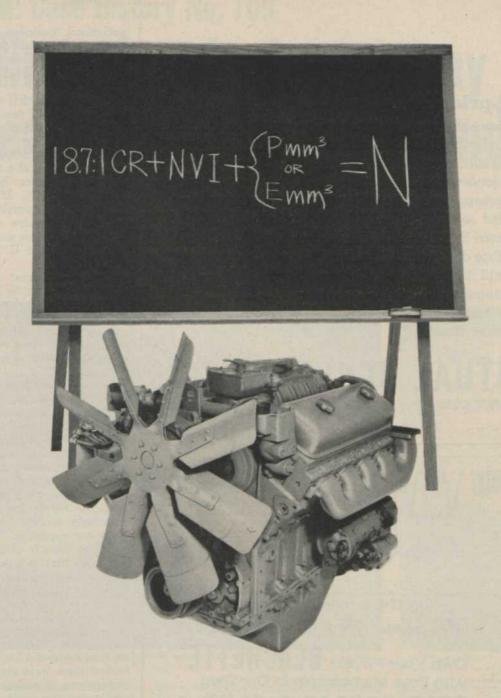
"Actually, the establishment of foreign manufacture may well strengthen exports from the United States as well as reinforce our market position."

As an illustration of this, Mr. Copeland says, announcement of du Pont's synthetic rubber and acrylic fiber plants in Europe several years ago resulted in increased export sales of about \$63 million by the time the plants went into operation, an amount far exceeding their cost.

"To be sure, a new foreign plant displaces some exports upon start up," he adds. "But usually foreign plants make only one or two types of a product line. By holding our customers through local manufacture, we create demand for other types of the same product which are manufactured only in the United States. For example, even though our foreign operating investment has more than doubled in the past five years, our exports have risen from \$144 million to about \$200 million."

Trade negotiations

In seeking hard-headed bargaining at the forthcoming GATT ne-



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SALES ABROAD

continued

gotiations, businessmen are more likely to be satisfied with the government's performance than on the questions of antitrust and tax policy.

"My guess is that our bargaining will be a good deal tougher and more realistic than in the past," says Fred C. Foy, board chairman of the Koppers Company. "Unfortunately, it comes at a time when the Common Market has formed a tight community. It's ironic that the European countries, which were formerly advocates of free trade, now lean the other way and are less willing than the U. S. to lift restrictions."

Dr. Thomas says:

"There should be hard bargaining to get true reciprocity in terms of export advantages gained by all parties." Equal reduction of tariffs by both sides does not necessarily achieve equality in new export opportunities.

For example, little would be accomplished by getting a concession in a product line where Europeans will soon be supplying their own needs.

Executives also urge that U. S. negotiators seek a reduction in non-tariff barriers—the various foreign laws, administrative regulations, and practices which are becoming increasingly serious impediments to American exporters.

Knowledgeable company officials point out that in past tariff rounds foreign negotiators have worked very closely with industry representatives from their countries. This industry-government cooperation has given them an important advantage in dealing with thousands of highly technical and obscure materials and helped them gain significant trade concessions. American businessmen emphasize the need for a similar close partnership with U. S. negotiators.

Surveying the question of where we go from here in trying to expand our trade in foreign markets, Carl J. Gilbert, board chairman of The Gillette Company, perhaps best summarizes the view of many business leaders:

"If we're going to be a world trading nation, we must act like one.

"Both business and government have to face up to the necessity of leaving behind us policies devoted only to domestic trade and domestic political considerations." END From 3M: Case History No. 709

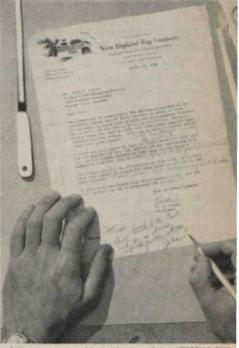
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How to get men you want

These tactics and strategies will improve your recruiting

THE AVERAGE COST of hiring college graduates is now more than \$1,300 per head.

The turnover rate for recruits is high—reaching as much as 75 per cent during the first five years in some companies.

Good strategy can cut your recruiting cost and help you retain good men after you hire them.

Furthermore, smart strategy and aggressive tactics will give you an edge in the hot competition for the better graduates.

This is true whether you are searching for dozens of men, or whether you only want to hire a few. In either case, this is the time to be thinking about your recruiting among spring graduates. Advance planning of your campaign is important.

Today's college graduate is faced with a sellers' market for his services.

More technical staff work, increased technical management, and expanded demand for accountants, engineers, writers, pharmacists, scientists, mathematicians, and liberal arts majors have made any degree in any field an asset that is useful to some employer.

Research into the recruiting process conducted at the University of Michigan shows that five key steps comprise the strategy of the most successful companies recruiting on the campus today.

- They have done some sophisticated manpower planning.
- 2. They have picked and trained men to serve as campus recruiters.
- 3. They centralize the recruiting effort inside the firm and upon the colleges visited.
- 4. They have prepared complete and attractive brochures and other literature for their recruiters.
- 5. They are researching and measuring their effectiveness.

Let's look at each of these key elements in the strategy of recruiting.

Manpower planning

College recruiting is often an investment in human capital, successful recruiters say, with the significant payoff some five to 10 years ahead.

Manpower planning for more than one year ahead then becomes essential to building a strong recruiting program. Without such long-range strategy, the program blows hot and cold. The company which comes back year after year has a distinct leverage over the in-and-out firm that stops visiting and hiring when things look a little slow on the sales curve.

Manpower planning when well done should be based upon real needs, and the ideal would be to hire just the right number, and have working jobs



for every one of them. This would result only from long-range forecasts of the business, and a level rate of growth and stability of business.

Since such forecasts are not always possible, it is often necessary that men be hired for trainee positions, so that they will be available if and when they are needed.

Who should recruit?

Interviews with the students themselves, as well as studies of results of specific firms, shows that the experienced recruiter usually gets more good men in his bag than the novice. Managing the campus interview, operating within the university's placement office rules, and adjusting to the youngsters is a job for which a man should be trained by experienced old hands. Here are some guides which have worked for many firms:

Personnel interviewers and able employment men who know the jobs being filled do better than line managers who know the job details but can't interview.

Age—old or young—is no barrier to being a good interviewer or to getting acceptance from the young-sters.

A person who is well informed, warm, and friendly to young people and is trained in the procedures of campus recruiting makes the best recruiter among line managers.

Central coordination

When the company has more than one division going to the colleges their visits should be coordinated by one central agency or communications center. Nothing is worse for the company image on campus than the kind of incident that happened last year in one eastern school.

During a single week representatives of three divisions of the same company arrived on campus, each unknown to the others. They had different stories about opportunities in the firm, the kinds of jobs available, and different salary schedules. When confronted by the students with these inconsistencies, they admitted that they didn't know the other people were coming to campus, and further added that they didn't even know the other people.

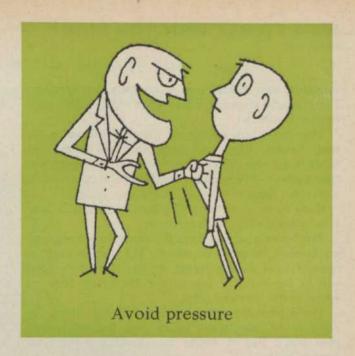
The students being interviewed drew the conclusion that this company was not well organized, at least in its recruiting, and accordingly wouldn't be a good career site.

Brochure is important

A good brochure which is complete and has sales appeal will go a long way toward getting the right students to interview.

One study at Michigan of 134 large company brochures showed that only 10 per cent had complete enough information to permit a curious student to decide whether or not he would find an interview with the visiting recruiter worthwhile.

The brochure should include information on the company, its products, its major divisions, the kinds of jobs available, qualifications of people sought, and where they would be working. The students—contrary to popular talk—aren't nearly as interested in



information on security and benefits as some critics say. A simple statement in brief form that the company has the customary benefits and is competitive with other employers will suffice.

One interesting fact noted was that practically no brochures even mentioned the subject of work or otherwise indicated that the students might have to contribute something. The major exception was the brochure of an accounting firm which laid it right on the line. The applicant was told he'd really have to put out, work long hours, do some traveling, and be away from home over week ends during the rush season. They lost no applicants for their candor, and prevented upsetting some young employes later on.

Using research

The smarter recruiting firms are doing research



HOW TO GET MEN YOU WANT

continued

into their own effectiveness to improve their strategy. For example, they know how their salary offers compare with others.

They know how effectively they are attracting the best students. They poll those who turn them down to discover why. They also belong to such groups as the College Placement Association to share data with other firms.

Here are some of the guides to strategy which have been uncovered by such research:

The better students from the Bachelor's level class are headed for graduate school. This means that the general level of applicants at the Bachelor's level will be lower in the future, and the better ones are found at the Master's level.

You'll probably interview one full day (typically eight to 10 interviews) before you find one applicant you'd like to invite into the home office for further visits.

Practically all companies now pay the full price of the home office visit for attractive students found during interviews.

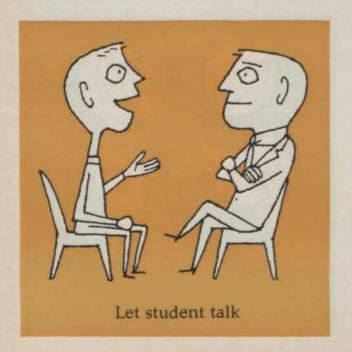
Only a minority are using psychological tests in selection of college graduates.

You'll typically interview about 150 students to find 15 you'd like to invite to the office for detailed interviews. Out of this you'll learn that 10 are worth making an offer. Of this 10, you can count on hiring five to seven.

Interviews conducted with 1,100 students immediately after their campus recruiting interview indicates that there are certain tactics in the recruiting process that pay off.

These six tactical areas are:

- 1. Stick to the placement office routines at the school.
- 2. Have a planned pattern to your interview.





- 3. Don't use stress or pressure.
- 4. Let the student talk at least half the time.
- 5. Let him know your decision as soon as feasible.
- **6.** Have a well planned and smoothly executed company visit outlined before you invite anybody to the firm.

To look at each in turn:

Stick to routine

Most colleges have a placement officer who is responsible for managing your visit to the campus. He handles hundreds of recruiters yearly, and has an on-the-spot knowledge of the school, its curriculum, most of the graduating students, and the faculty. He should be relied upon for fixing schedules, finding interview space, arranging faculty visits, and handling your literature. He should not be counted on to give you special information not available to other companies about individual students, appraising students' potential, nor practices of other firms.

In some schools, by special arrangement, you can look at the resumés of all registered students going through the placement service in advance of your interview. Not all permit this. In any event, any attempt to go directly to the students, by-passing the placement office, is usually fruitless. Eighty per cent of the students who take jobs in business go through the placement office.

Have a planned pattern

The most effective campus interviewers have a plan for their interview. It includes these major elements:

A couple of minutes of small talk.

A brief run-through of the student's resumé (which has been provided by the placement office with your schedule).

The student tells about his interests.

The recruiter describes his openings.

The recruiter and the students ask questions of one

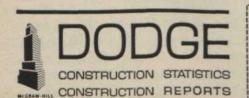


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HOW TO GET MEN YOU WANT

continued

another in the line of their interests. The pattern shouldn't be a fixed check list that must be completed come hell or high water. It should be flexible, to permit natural conversation.

Avoid pressure

The recruiter who tries to apply OSS techniques on campus usually gets a cold reception. The word gets around the halls that this is an unpleasant situation and the students cancel scheduled visits.

There are no valid measures which show that stress in the interview weeds out the less able students. More often it merely opens the door to the campus bluffers who have verbal aplomb when confronted with authority.

The hostile questioner usually causes the student to decide that this company isn't going to be a pleasant place to work.

Let student talk

The worst rating received by any recruiter was the pitchman who talked for 28 out of the 30 minutes allowed for the interview.

The student often has some special information which he feels he would like to tell, such as his special army experience or extra-curricular jobs that might qualify him. He also wants time to give full answers to questions.

Being responsive to student comments by nodding assent or simple acknowledgements of statements with the implication that you'd like to hear more will make this drawing out process easy, even if you're not a professional interviewer.

You'll also discover that the more you let the student talk the more you'll learn about him, his experience, his maturity, and his thought processes. You can arrive at some judgments from this about his communications skill, his poise in interviews, and estimate how well he might fit into your company.

Tell him your decision

Often you can't let a student know your decision immediately, but in any event you should tell him just when he will hear from you, and what the next step is.

In some instances it may be apparent during the interview that no possible job can be found for the student. Where it is totally impossible, it's best to terminate the interview as gracefully as possible.

On the other hand you may find such a paragon that you want to assure yourself that he makes a company visit. In such cases you may try to make a date on the spot. Some companies even equip their recruiters with airline ticket books so that they can write one out and hand it to the student. This reduces the shrinkage in results which may result from a delay in getting off a follow-up letter later on.

Plan the company visit

The company visit by selected students is often the source of frustration and loss of candidates which the company would like to have hired. The well executed plan will include many of the following:

A definite invitation for a specific date, and some information about management.

Have a home office host (some companies have a roster of alumni of various schools to act as sponsors) to meet him upon arrival at the office and guide him through the day.

Keep him scheduled during the day without long delays, but don't run it so tight he doesn't have time to breathe.

Have him meet the man he might work for and let him see the job or type of work he'd be doing. Testing is often done during the home office visit.

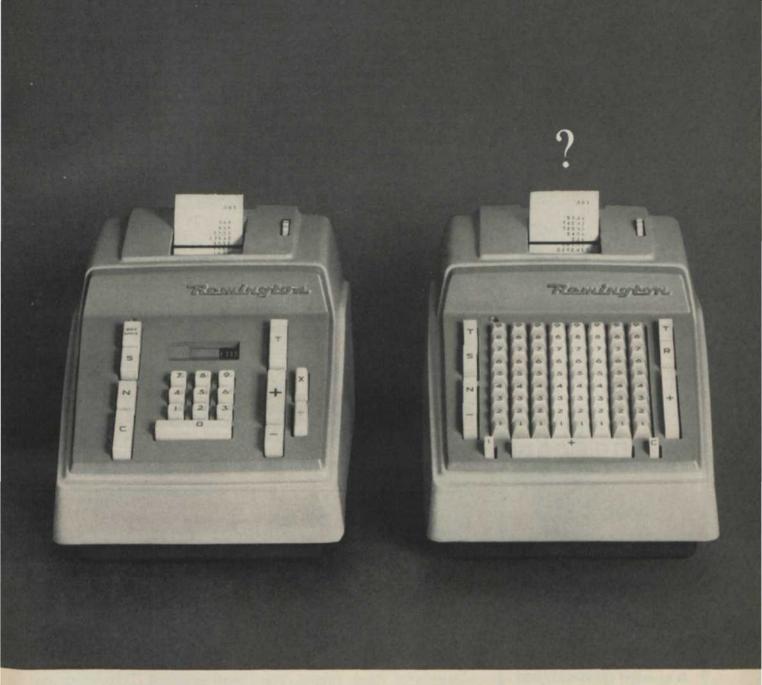
If your staff likes him, and you can make him an offer before he leaves, tell him he will be getting a firm offer in writing within a specified time. Don't press too hard for an immediate answer at that time; he may have other offers to check into, and might refuse rather than miss investigating them all.

Draw a check while he is there to reimburse his out-of-pocket expense.

Statistics from the colleges indicate that the shortage of trained men will get worse during the next decade. It's not enough to have been a long standing recruiter; your firm must constantly study its techniques, just as it would in sales and purchasing. Without this constant updating of technique and system the costs of hiring will rise and the results will be less and less adequate. Treating the problem in the two areas of strategy and tactics will give you a distinct advantage.

-George s. odiorne Director, Bureau of Industrial Relations University of Michigan

REPRINTS of "How to Get Men You Want" may be obtained for 25 cents a copy, \$12 per 100, or \$90 per thousand postpaid from Nation's Business, 1615 H St., N.W., Washington, D. C., 20006. Please enclose remittance with order.



There'd be no question this one is best...

Both machines are much more than electric adders.

They can multiply. And even divide—without the need for reciprocals. And, of course, both also subtract.

In other words, each one is almost a calculator without being anywhere near an electric calculator in cost.

But which one is best?

Well, the REMINGTON 4, here on the left, is by far the most sought after. Its keyboard arrangement is considered the most modern. And it's faster than the fastest operator.

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The one on this side. Its keyboard is set up like a ledger page for easy accuracy. And it has two total bars, two add bars. Both increase speed. And, so does this...

Take a nice round number. Such as \$700,000.00. Touch the correct 7 key and all the 0's print themselves.

See then, the REMINGTON 4 and 5 are so different *and* so practical, who knows which is truly best in your case? Only *you*. So: when can you give us your verdict?

Remington Rand OFFICE MACHINES



HORIE

continued from page 56

to Southeast Asia. In other words, imports should not be confined preponderantly to the U.S.

I am aware that we have to face a transitional period, in which we would hope to attain a change of our economic structure to heavy and more sophisticated industries.

During this period a certain amount of deficit in our balance-of-payments position would be unavoidable until such time as we can sophisticate our economic structure, to align our industries more to the advanced European countries. Otherwise, there is a considerable amount of pressure from the developing countries, such as in the field of textiles and so on.

Are you worried about the size of this deficit in Japan's balance-ofpayments?

I'm rather optimistic about that. During this transition, Japan's technological ability will be capable of modernizing our economic structure.

Another basis for my optimism is in what you might call the terms of trade.

It is generally agreed that the industrial countries have an advantage because they are able to buy relatively cheap raw materials, and freight is cheap.

Conversely, their costs of prod-

ucts and labor costs are relatively high. In the case of Japan, we are glad to say there is still an abundance of skilled labor, and a surplus of skilled and industrious labor which could be drawn from the rural sector of our economy.

How big a market do you and other Japanese businessmen see in communist China?

My conclusion is that not too much can be expected of our trade with the China mainland. The basic reason is that the trade of China, being a communist country, is completely state controlled, whereas ours is free trade. So there is difficulty in trying, for example, to export some goods to China, and, in return for this, to buy certain products from China.

As a parenthetical remark, there is no question, I believe, in the superiority of the free economy over the communist-type economy.

To that extent, I don't entirely agree with expending too much nervous energy in trying to restrict trade with communist countries. Not only China, but Soviet Russia.

Trade with them, although it might give them a slight advantage, will certainly, in the long run, bring them closer to a more moderate, a more cooperative attitude than if we were too restrictive in trade. They are bound to appreciate, through contact and through trade, the superiority of a free economy as opposed to their own.

RUNGE continued from page 56

opinion—I think the discipline of the trade unions may be more lax under a Labor government than it is under a Conservative.

What industries are on the move in the form of expanded exports, greater efficiency?

The engineering and electrical industries, which are the expanding industries in Great Britain. The electronic components field is very active. Scientific intruments is very active. We have the old standby, the auto industry, which is progressing at a good rate and turning out some good cars. There have been some great successes in the aircraft manufacturing industry, particularly in America: the Viscount and the new BA-111 on which orders have been given.

What will exports be to the United States in the coming year?

The United States is our largest single market; eight per cent of British exports go to the United States. One would hope, therefore, that one could increase sales to the United States.

British exporters are frightened by the American market. It is a long way away, and there have been many instances in which success has been penalized. Psychologically, there are things which people don't like: uncertainty of the evaluation systems for duty, the escape clause procedure, the antidumping measures, the Buy-America Act. All these things are uncertainties. People don't like spending a lot for sales promotion in a country where it is going to take two or three years to get the investment back.

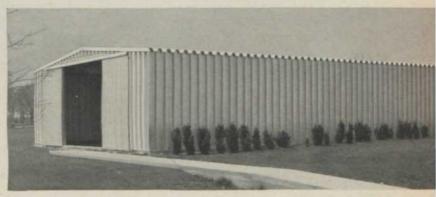
With the American balance-ofpayments problem, there will be emphasis on export from America to the rest of the world. America



The Sterling Lumber Company, Folsom, California / Butler Builder: California Steel Buildings, Oakland, California.



Clear-span interior of The Five County Farmers Association, Clarksdale, Mississippi, provides more room for profit. Butler Builder: Miller Engineering Company, Inc., Clarksdale.



Butler's new low-cost "warehouse-in-a-package"; new Panl-Frame building that goes up by the clock at lowest cost. All parts are precisely formed, cut and pre-punched; nothing to cut or measure. A few men with hand tools can put it up in hours.

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Really big space at lowest cost is provided by this Butler MRF building for W. P. Fuller & Company, Union City, California.

Butler Builder: California Steel Buildings, Oakland, California.

in-place panel has an over-all U-factor of .10 as tested at Penn State University.

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*Patent pending. Trademark applied for.

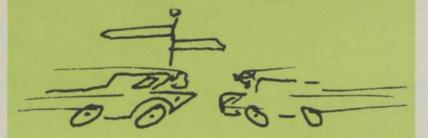


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(Check one)

Silver

Junk

The service performed of most value to me or to my company is . . .

Meetings

Government Relations

Statistics Research

Publications and Public Relations

Advertising Marketing

Other

My one best thought for how associations can improve . . .

RUNGE

continued

will soon come to realize that if one wants to increase one's exports. the only possible way to do it is to make one's own country more available for goods from the rest of the world. It is a two-way affair. You can't increase exports without increasing imports.

Besides airplanes and automobiles, what products have good prospects for U. S. sales?

There is good scope for the food trades and the clothing trade, of course. I think it is over the whole range of industry. Both consumer and capital goods. Costs are very competitive in the capital goods market.

Will British exports do well in other markets of the world? Or will they suffer from increased attempts by the U. S., Germany, France, to export more goods?

It is our experience that one's most successful markets are the already developed countries. So long, therefore, as liberality in trading is continued by the Common Market and the United States, I don't think the efforts of other people who come into the export market are going to reduce the markets that Britain has had in the past.

Do you think the United States economy will continue to expand?

The United States economy has been expanding too slowly during the past year. It hasn't expanded at a much greater rate, percentagewise, than Great Britain has recently. I don't think that's fast enough. A minimum rate that the United States should look at is four per cent per year.

What are the prospects for future East-West trade?

Well—this is industry speaking we will get our trade where we can

That's not to say, of course, that as a political animal, one would be in favor of giving strategic advantages to a potential enemy.

Will East-West trade expand or will it remain about the same?

It is bound to expand. The more fully advanced Russia becomes, the more she will want to extend her trade. I see no reason at all why trade shouldn't expand and make its contribution towards world peace.

SWEEPING CHANGES

continued from page 25

ed States, will greatly expand. Certainly the amount of research directed toward the public sector of the economy will continue to predominate.

Just as the defense problems of the country have become increasingly complex, requiring a highlevel scientific and technological attack, so too the sociological and environmental problems of our society require high-level technical sophistication.

Just as defense-centered entrepreneurs have worked closely with the government to carry out the advanced research and development needed to meet complex military problems, it is likely that business entrepreneurs will form new relationships with other government agencies to carry forward large-scale programs in such areas as:

- 1. Re-equipping and improving the U. S. educational system.
- Re-equipping U. S. hospital and medical care facilities with appropriate automated equipment, including electronic monitoring and diagnostic systems.
- Oceanological research and development programs.
- Lunar and planetary exploration and possible colonization.
- World-wide weather prediction and control systems.
- Reconstruction of obsolescent cities, incorporating not only modernized housing, but also new standards of civic beauty and utility of facilities.
- Nationwide water resource management, including water desalinization plants, river valley development, flood control and ground water conservation.
- Fundamental scientific exploration requiring extensive research equipment and facilities such as radio-telescopes, highenergy accelerators and computer-supported medical laboratories.
- 9. Supersonic transport aircraft.
- A nuclear-powered surface and subsurface merchant marine.
- 11. Automated highway systems.
- Free world economic development programs on a more massive scale.
- 13. Nation-wide standardized traffic control systems for air, sea and land transportation.

This list is representative of the major nonmilitary scientific and technological programs that can



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SWEEPING CHANGES

continued

be expected to open new business opportunities in the future.

Education and retraining

By 1975 educational curricula will be coordinated from nursery school through university. By that time the nation's more elaborate educational facilities will be used to the fullest by extending the school year, particularly for secondary school and university students. Facilities will be shared among different school levels and with industry-sponsored training programs.

In 1975 the design of new school facilities will be flexible enough to accommodate the nongraded class with groupings according to intellectual ability; the teacher who serves as a team leader in one subject and team member in another; the interrelated use of a variety of equipment and methods for different purposes; a diversified time schedule convenient to subject and differing individual requirements; intensive courses for those who desire refresher studies to qualify them for re-entry into professional fields, especially women whose child-bearing and childrearing years have intervened: special provisions for handling increasing numbers of foreign students, and increased internationalization of higher education at the graduate level through expanded exchange programs and overseas campuses maintained by U. S. institutions.

The 1975 curricula will emphasize learning theory and fundamentals in early school years rather than specific methods to minimize retraining for skill changes. Education and vocational training will continue throughout life, and by 1975 adult and correspondence education enrollments will reach 45 million to 50 million.

Easily used, high-quality teaching instruments will become common in the home. More emphasis will be placed on creativity and how to learn, with widespread use of simulation devices. More accurate methods for early guidance of students into fields of interest compatible with their aptitudes will be developed. Equipment in 1975 will embody refinements derived from research, miniaturization, new materials, the psychology of learning and teaching and the functioning of the human mind.

No real crises can be foreseen in basic resources between now and 1975.

The exploitation of mineral resources, including fuels, as well as agricultural land continues to gain in efficiency as technological and economic factors operate. Not far behind these traditional sources of energy, materials, and food are new sources. They include the atom and the sea.

Advances in science and technology will continue to produce new materials as well as increasing economy in the use of the resources from which they are derived. The international exchange of raw materials for finished goods as well as the expansion of sources of supply by technological means and exploration, will further expand our resource base.

However, there are now, and will continue to appear, regional problems in such areas as water supply and air pollution.

Cold war posture

Complete peace has never existed and probably never will. So long as some men want something that others have, and there are no freely and mutually agreed upon procedures for resolving conflicting views, there will be war in the sense of one group trying forcefully to bend another to its will.

Today's cold war, resulting from the conflicting ideologies of communism and democracy, will continue.

The communist sphere of influence is currently bounded by the various curtains and its expansion is a fundamental objective of the communist doctrine.

It is likely that further international blocs similar to the European Common Market will develop. The historical union of have-nots against the haves may give rise to new political, regional, or racial groupings seeking to improve their positions by whatever means they can.

Although far less dramatic and (at least immediately) less costly than hot wars, cold war challenges pose grave problems, which run deep in our society. The problems are especially troublesome because they are relatively low-key, are extraordinarily variegated in form and extremely protracted in nature. This suggests that the future may depend more on the inner strengths of our society than on the activities of any one or combination of prospective cold war antagonists.

The degree to which the cold



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SWEEPING CHANGES

continued

war will be regulated by 1975 will depend principally upon the degree to which the aggressive waging of peace can be prosecuted. International cooperation, economic development, and educational-cultural change could prove to be larger programs than cold-war activities by 1975 under favorable world social-political circumstances.

The continuing full power and influence of the United States and its allies behind these programs could lead to success in reducing cold war outbreaks despite continuing tensions, political differences, and economic competition.

The momentum engendered in the United States during the early years of this century and accelerated after World War II pushed this nation to its place of political and economic leadership. Although this momentum may appear to slow during the years ahead, it will more likely be that the pace of other nations will quicken.

It is generally agreed that the United States today is the most powerful single nation in the world—in terms of resources, military strength, potential for influencing the course of international affairs, and position of leadership in material and technological progress.

Our political influence, however, is probably not as great as our economic power. U. S. economic dominance will not be seriously threatened by 1975, but new economic blocs will emerge which will change international trade.

The millennium will not arrive by 1975. However, the United States is learning faster than time is passing that politics is "the art of the possible." Increased competition will prod the U.S. into further advances and these will be made most effectively in the areas that are possible: international political cooperation within and outside of the United Nations, economic coordination and accommodation rather than ruinous duplications, and searches toward goals that represent partnerships rather than domination.

are elected. To elect good judges our people must vote. To vote they must register. This is a job for all year round."

Charles B. Lipsen, political director of the Retail Clerks International Association, says local affiliates encourage members to take an interest in judicial candidates because court decisions affect their daily lives.

"We remind them that judges have something to say about what they pay for the light they turn on the first thing in the morning," he told NATION'S BUSINESS. "Court decisions can affect their income, their jobs, even the taxes they pay after death.

"We tell our local people they should get away from getting on the bandwagon and supporting political hacks. They should screen candidates for judge and try to get the best available."

Building friendly courts

Unionists work in various ways to obtain friendly courts. Besides trying to get friends elected, they assert influence on governors and other officials, including the President.

Walter P. Reuther, president of the United Automobile Workers, undoubtedly had a part in the selection of two men with past UAW associations for nominations to the federal bench.

Mr. Edwards, police commissioner of Detroit the past two years, was a UAW organizer when he served 30 days in jail for contempt of court in the sit-down strike of the 1930's. He seemed secure on the Michigan Supreme Court when he stepped down to head up law enforcement for Detroit's newly elected and labor-supported mayor, Jerome Cavanagh.

Some observers saw in this a move by Mr. Reuther to prepare Mr. Edwards for appointment as director of the Federal Bureau of Investigation when J. Edgar Hoover retires. Mr. Reuther has been unhappy about Mr. Hoover's concentration on anticommunist activities and thinks he should show more concern over the growth of rightwing movements. Mr. Reuther's brother Victor, head of the union's Washington office, says he discussed this with Attorney General Robert F. Kennedy and later submitted a written memorandum at the attorney general's request.

When the nomination of Mr. Rabinovitz stirred up a controversy, with various bar associations opposing him as not qualified, the

UNION TARGET continued from page 33

Edwards, allowed unemployment benefits to Ford's UAW assembly workers in Detroit who were idled when the supply of essential automobile parts was cut off by a strike of fellow UAW members at Ford's forge plant at Canton, Ohio.

Purpose of the Canton strike was to put pressure on Ford to reopen a five-year contract following the Korean war. Since the Detroit Ford workers were part of the same negotiations and stood to benefit by the Canton strike, both Ford plants were construed under previous rulings as part of a single establishment, and the Michigan workers could not qualify for jobless pay.

The UAW in 1960 urged the reelection of Justice Theodore Souris to "keep the Supreme Court (of Michigan) liberal." Last October Justice Souris appeared before a Senate committee in Washington to urge confirmation of Mr. Edwards, the former UAW official, as a federal judge.

Further evidence of the importance to unions of having friendly judges in strike situations is cited by Harry Block, vice president of the International Union of Electrical, Radio and Machine Workers. He told a union convention that IUE members involved in a long strike against Westinghouse Corporation lost between \$5 million and \$6 million in unemployment benefits "because our political action didn't go far enough . . . and elect proper judges."

Mr. Block recalled that police actions against strikers were controlled; a friendly governor, George Leader, refused to send state troopers; and a friendly Department of Labor ruled that the strike had become a lockout, entitling the strikers to benefits: but that a court set the ruling aside.

The Committee on Political Education, the AFL-CIO's political arm, puts the importance of electing friendly judges this way:

"What's a judge to us?

"Ever hear of a labor injunction? Our people walking the bricks, carrying placards, handing out leaflets at the plant gates. Judge hands down the injunction for the company, clearing the streets. The scabs go through, your job is gone.

"That used to be standard. With Taft-Hartley on the books, in case of bad times, it could be standard again. That puts it up to the judges. Fortunately, a good many of them



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UNION TARGET

continued

UAW came to his defense, UAW Regional Director Harvey Kitzman charged that Mr. Rabinovitz was being opposed because he is known as a labor lawver and particularly because he represented the auto workers during the long Kohler

AFL-CIO leaders blocked the nomination of Malcolm B. Seawell, former North Carolina attorney general, for a Federal District Court post because of the part his office played in the jailing of eight unionists for conspiring to blow up a struck textile mill. They prevailed on the White House to deviate from the usual practice of nominating the choice of the state's two senators.

Some attorneys who handle labor cases are disturbed by what they consider moves to liberalize the circuit courts of appeals, because it is there that decisions of the federal labor board are enforced through interpretation. They point particularly to the Sixth Circuit Court in Cincinnati and the Circuit Court for the District of Columbia, which they consider key courts.

The views of the District of Columbia Court are considered critical because it has jurisdiction over cases anywhere in the country. Thus, a friendly court in Washington would be available for any union to appeal a labor board decision against it or seek enforcement of

one against an employer.

Lawyers who appear before this court say that appointment of two judges in recent years has given it a liberal majority of 5 to 4. One of the appointees is Carl E. McGowan, of Chicago, who was administrative assistant to Adlai Stevenson when he was governor of Illinois, and was associated with W. Willard Wirtz before he became secretary of labor.

The other is James Skelly Wright of New Orleans, who as a Federal District judge in Eastern Louisiana made several civil rights decisions which pleased liberal groups.

In Illinois, labor leaders expect more rapid and friendlier court decisions as a result of a change in the court setup approved by the voters in 1962 to take effect this month.

The United Steelworkers District 31 joined the fight for a constitutional amendment to reapportion the State Supreme Court and consolidate and simplify local courts

to speed up decisions. The battle was successful with the help of their attorney, the present Judge Brussell. Under the reapportionment, the highly unionized Chicago area will elect three instead of only one to the seven-man Supreme Court.

Bernard Kleiman, attorney in Chicago for the steel union, says:

"Speedy justice helps the workingman. We now have a true small claims court, with simplified rules, where a worker can plead his own case.'

John Elesia, legislative director of USW District 31, says his union got interested in judicial candidates because "judges were handing down injunctions willy-nilly and it was a necessity to get friendly judges.'

He says the union worked hard for court changes because of the need to speed up handling of cases

involving workers.

"Workman's compensation cases were piled up so far back that workers in need of money had to settle for less than they could have got if they had gone to trial," he said.

USW's national legislative director in Washington, Frank N. Hoffmann, says: "We've gone far beyond just negotiating a contract. We're concerned with other interests of our members. Any of us who owns a car or property or has children in the home is likely to find himself in a court some day. When we get there, we want a judge who will give us a fair break."

Judge Brussell told Nation's Business that a lawyer's experience in representing either unions or corporations improves his ability to make decisions in the light of

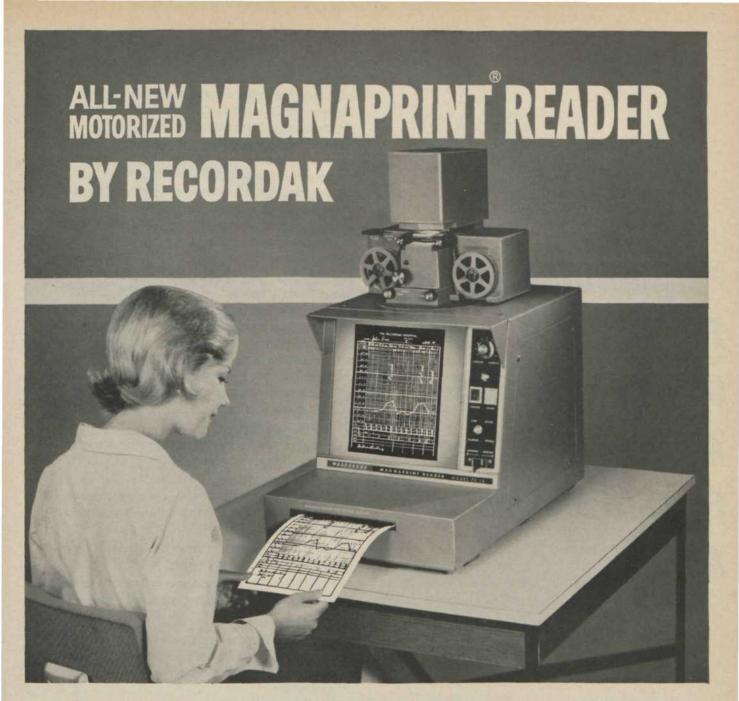
conflicting arguments.

"He decides each case to the best of his ability in conformity with traditions that govern judges," he says. "This means he decides it fairly. This means he does not lean over backwards to show he is being fair."

Justice Tobriner says his association with unions was not a factor in his appointment, which was approved by a state commission on judicial qualification.

Judge Kaufman believes it is good for unions in metropolitan areas with large memberships to endorse candidates for judge if it is based on their being fair, and not because they may be prolabor.

"No union leader ever put pressure on me," the former tool grinder says. "Unions have grown up, like business. They must behave. They just want their day in court."



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ANNOUNCING... The National Chamber's 1964 Aircade Meetings For Citizenship Action



EDWIN P. NEILAN, President of the National Chamber, and Chairman of the Board and President of the Bank of Delaware, will head the 1964 Aircade team. For more than eight years, Mr. Neilan served on the National Chamber's Government Operations and Expenditures Committee, three years as Chairman.



ARCH N. BOOTH, Executive Vice President of the National Chamber, and originator of the Aircade idea, will be the discussion leader. In the past seven years, Mr. Booth has conducted Citizenship Action Meetings which have attracted 100,000 participants from cities in all 50 states.

In the five-day period from February 10 to 14, and in the 12-day period from March 2 to 13, 1964, the National Chamber—with the help of local and state chambers of commerce and trade associations—will hold Aircade Meetings for Citizenship Action in 15 key cities throughout the country. These will be regional meetings.

In each case, groups of business and civic leaders from surrounding communities will travel to the Aircade city to take part in the event.

This means that, no matter where you live in the continental U.S., you will have the opportunity to attend a nearby, or a relatively nearby, Aircade Meeting in 1964—an opportunity worth making note of, and taking advantage of. We hope you will do so.

For the Person Who Is Concerned About Today's Trends

The Aircade Meeting for Citizenship Action is for the person who is concerned about today's trends and developments in national affairs. It is for the person who has a determination to make his thought and effort felt in the formulation of national policies.

This is what the Aircade Meeting will do for you:

- It will give you a close-up picture of the new session of Congress
- It will show you frankly and honestly what the issues before Congress are all about
- It will show you where business stands on each important legislative proposal, and why—and what alternative solution business has to offer when there is need for an alternative solution
- It will show you how to work more effectively with your elected representatives in Washington
- It will show you how to make your action and example felt on the political scene, local, state and national.

No Ordinary Meeting

The Aircade Meeting for Citizenship Action is no ordinary meeting. It is something different. It is a lively question and answer meeting, an open forum on national affairs.

It does away almost entirely with speech-making.

It employs new techniques for communicating and interpreting factual and background information, and making it easy to understand and easy to remember.

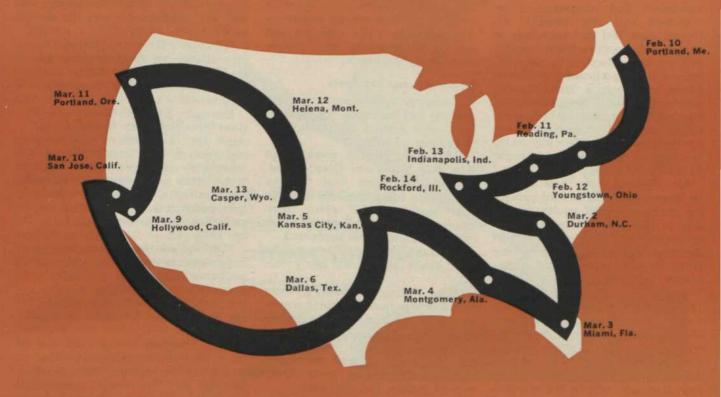
Whatever you may want to know about what is happening in Washington, about a specific bill in Congress—who is back of it, who is pushing it, the arguments for and against it—the National Chamber's legislative specialists will give you the answers accurately, quickly, fully and clearly.

Plan Now to Attend

Please take a look at the map. Pick out the Aircade Meeting most convenient for you to attend—and plan now to be present.

Look forward to finding this Aircade Meeting stimulating, exciting and most informative—a day well spent.

For detailed information, write direct to the local chamber of commerce in the Aircade city you select, or to the National Chamber.



WHEN AND WHERE THE 1964 AIRCADE MEETINGS FOR CITIZENSHIP ACTION WILL BE HELD

Why These Meetings Are Called Aircade Meetings for Citizenship Action

These meetings are called Aircade Meetings for Citizenship Action, and properly so, for these reasons: Because the National Chamber's legislative experts travel by chartered plane to cover the country in the shortest possible space of time, because delegations of businessmen from surrounding towns charter planes to fly to the meetings in the key cities—and because the whole purpose of these meetings is to equip and encourage local businessmen to be more active and more responsible American citizens.

Feb. 10—Portland, Maine Eastland Motor Hotel Host Chamber: The Greater Portland Chamber of Commerce 142 Free Street Portland 3, Maine

Feb. 11—Reading, Pennsylvania Hotel Abraham Lincoln Host Chamber: Chamber of Commerce of Reading and Berks County 541 Court Street Reading, Pennsylvania

Feb. 12—Youngstown, Ohio Ukrainian Center Host Chamber: Youngstown Area Chamber of Commerce 300 Union National Bank Building Youngstown 3, Ohio

Feb. 13—Indianapolis, Indiana Murat Temple Host Chamber: Indianapolis Chamber of Commerce 320 N. Meridian Street, Room 228 Indianapolis 4, Indiana

Feb. 14—Rockford, Illinois Boylan Central Catholic High School Host Chamber: Rockford Chamber of Commerce 815 E. State Street Rockford, Illinois Mar. 2—Durham, North Carolina Duke University Campus Host Chamber: Durham Chamber of Commerce P.O. Box 610 Durham, North Carolina

Mar. 3—Miami, Florida Everglades Hotel Host Chamber: Miami-Dade County Chamber of Commerce 345 N.E. 2nd Avenue Miami 32, Florida

Mar. 4—Montgomery, Alabama Jefferson Davis Hotel Host Chamber: Montgomery Chamber of Commerce P.O. Box 79 Montgomery 1, Alabama

Mar. 5—Kansas City, Kansas Town House Motor Hotel Host Chamber: Kansas City, Kansas Chamber of Commerce P.O. Box 1310 Kansas City 17, Kansas

Mar. 6—Dallas, Texas Sheraton-Dallas Hotel Host Chamber: Dallas Chamber of Commerce Fidelity Union Tower Dallas 1, Texas Mar. 9—Hollywood, California Hollywood Palladium Host Chamber: Hollywood Chamber of Commerce 6520 Sunset Boulevard Hollywood 28, California

Mar. 10—San Jose, California Municipal Auditorium Host Chamber; Greater San Jose Chamber of Commerce Civic Auditorium Building San Jose 13, California

Mar. 11—Portland, Oregon Memorial Coliseum Host Chamber: Portland Chamber of Commerce 824 S.W. 5th Avenue Portland 4, Oregon

Mar. 12—Helena, Montana Civic Center Host Chamber: Helena Chamber of Commerce 201 E. Lyndale Street Helena, Montana

Mar. 13—Casper, Wyoming America Theater Host Chamber; Casper Chamber of Commerce P.O. Box 862 Casper, Wyoming

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agreement that compensation for managers will rise steadily, although some feel that the allure of money and executive fringe benefits will not be as decisive as the challenge which a particular job affords. Many anticipate a trend toward standardization of the amount and type of compensation which companies offer, with industries that are currently laggard in their pay scales hurrying to close this gap in order to hold good men.

Mr. Kiernan feels there will be an increasing move toward providing executives with equity ownership in the corporation. "In fact," he comments, "a vested interest in the corporation is going to become about the only way to bind an executive to his company."

If you are a businessman in the 1970's it's likely that you'll receive a major part of your compensation in time. Specialists point to the increasing use of summer/winter vacations for executives as a step in this direction. But an even bigger step, they say, will be the practice of offering key managers a year off with pay every five or 10 years as part of the means of attracting the man to the firm and holding him there. Many executives will use these sabbaticals for travel-an experience which will have increasing value in a highly world-minded economy-and for study both at the general university level and in special executive seminars.

Retirement? No unanimity of opinion here-but one consultant predicts that 55 will be widely adopted as the retirement age for businessmen in 10 years or thereabouts. He adds: "The ever increasing pace of business, plus its concomitant rewards and the demands of leisure time, will result in a shorter active life for the

average manager."

Despite fast-moving technology, few forecasters expect any diminution of the human problems in management. On the contrary, some say business will have to step up its efforts in the field of human relations, find new techniques for evaluating managers and protecting their individuality-all as part of a broad effort to keep human progress abreast of advances in technology.

"We'll see greater emphasis on a manager's expertise in human relations than on his skill as an entrepreneur," asserts Richard E. S.

Deichler, partner in D'Orsey Hurst & Company, a consulting firm which advises other consultants. "Additionally, there will be a continuation of the emphasis on financial and legal brainpower—on executives who can see over the corporate wall and make decisions in a larger conceptual framework."

Executive and his tools

Tomorrow's managers will probably be less burdened with paperwork and written communication than those of today.

William A. Hertan, president of Executive Manpower Corp., a professional recruiting firm, believes that future companies-particularly new businesses-will place more emphasis on direct communication and less emphasis on paperwork.

"In short," he says, "there will be more direct contact and less proto-

"The feeling is growing even now that the business world moves too fast for the slow, grinding wheels of endless memos and committee meetings. The executive of the 1970's will depend more and more on the fastest, most direct way of getting the job done."

Backing up presidents and other high-level managers in tomorrow's typical corporation will be cadres of specialists, men adept at moving quickly in assessing developments that affect their firms and in conveying this intelligence to their superiors.

Getting and moving vital information with rapidity will be increasingly important to the com-

pany.

One man who feels strongly that this will be the case is Ralph E. Weindling, executive vice president and general manager of The John Diebold Group, Inc. Mr. Weindling and his associates foresee increasing centralization of management information systems and, at the same time, a speed-up in the time in which raw information-whether on sales, inventory, or personnel-can be assembled by computers to help top management make critical decisions.

"Out of this trend," the Diebold specialists say, "will come a bigger organizational role for the information analyst."

"On the other hand," cautions Mr. Weindling, "I don't think we want to imply that information technologists are going to take over the corporation. But I think that in terms of equipping oneself for top management, and in terms of the company equipping its own

people for future management roles. the data center will be an important element.'

But the computer, while certain to play a role of larger importance. will not manage for you in the 1970's.

NATION'S BUSINESS found this view shared by all authorities, including men with a dollars-andcents stake in the field of office automation.

Example: Elmer C. Kubie, president of Computer Usage Company, Inc., a computer programing and analysis firm, says, "Management tools-as represented by electronic data processing, high-speed communication devices and operations research techniques—shall not make top management jobs easier by 1975.

"On the contrary, technological improvements in wider adoption of mathematically based methods in manufacturing, marketing, distribution, and finance will cause increasing intellectual demands on top

management.

"The situation is not dissimilar to a prop-engine pilot compared to a jet airline captain. There is no question that jets provide a means for travel performance superior to older aircraft. At the same time, the educational and intellectual requirements of the jet pilot are correspondingly greater. What this amounts to is increased opportunity for a manager of the 1970's to control his business in such a way that his decisions will have a more rapid influence on the performance of his company. Therefore, management will exist in a more sophisticated environment-one that will substantially increase mental requirements."

An additional point is made by Mr. Weindling:

"The very fact that the manager will be able to acquire information more quickly could conceivably make his job more demanding. He will have to be able to react very fast to the information he gets and he will have to do something about the problems and situations that are brought to his attention. At the present time, a great deal of the manager's job is devoted to making sure that he gets the information, and in many cases when he receives it, it is too late to do anything about it.

"A situation in which an executive has instantaneous data on problem situations will put a great deal more strain on that executive's ability to solve problems."

Most authorities agree that streamlined methods will free managers for more creative action in the years ahead and make available to them more time for planning and giving attention to critical aspects of corporate strategy.

Donald L. Dittberner, research project director for Diebold, believes developments in executive communication may result in less, rather than more, traveling by businessmen in the next 10 years.

He reasons this way:

"One result of technological innovation will be the ability of a
manager to have immediate voice
communication with any of his
subordinates or users. This capability does not exist today because
people do not have a personal or
mobile telephone so that they can be
reached at any point, at any time,
in civilized areas of the world. This
advance in communication should
come by 1970."

Evaluation

Experts who considered how managers will make their way to the top of a company in the future concur that family ties, politics, and other traditional factors will have diminishing influence. Future top men will be picked for their skill as generalists—their ability to see the broad view and to integrate the work of many specialists—and for their decision-making and analytical capacities.

Dr. H. B. Maynard, president of Maynard Research Council, Pittsburgh, points out that the manager of the 1970's will be forced to administer an increasing number of management activities and disciplines. "He probably will require more than one college degree to fulfill this job properly," Dr. Maynard

says.

A contrasting opinion is ventured by King Whitney, Jr., president of The Personnel Laboratory, Inc., of Stamford, Conn., a firm specializing in psychological testing. Mr. Whitney says that, by 1975, "resumés and college degrees will assume less importance as management learns the elementary fact that brainpower is not synonymous with success, and that achievement in one company does not always guarantee parallel performance elsewhere."

Mr. Whitney predicts that more firms will conduct talent searches among people already on their payrolls and, he adds, "they will continue to be amazed at the cases of unrecognized capability that such audits will uncover." He expects criticism of psychological testing to continue into the 1970's, but



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continued

feels that testing's "intelligent use" by management also will rise. "As a matter of fact," Mr. Whitney says, "more companies will insist on confidential evaluations of key executives to insure hiring of outsiders who will be able to function successfully in the corporate environment."

The big picture

Many of the forecasters stressed this common theme: Tomorrow's executive will have to be keenly aware of the social, political, and economic forces at work in his own community and in the world at large. He will play a big part, too, in shaping those forces.

"In 1975," says E. G. Fremont, Jr., "business will be looking beyond its own borders.

"Social and politico-economic influences will compel business to make decisions in context with the entire national—and even global structure."

Personnel counselor Sam Montgomery expresses it this way:

"The executive by 1975 will have to be more concerned with world affairs and international markets. His relationships with government will also be more pronounced. This man will also be more conscious of his social responsibility, while not losing sight of profits. In every sense of the word, the top executive is going to be scarce.

"He will have to be more of an executive leader rather than a management administrator. He will have two constant concerns: strategy and tactics.

"Who will surround him? His corporate staff will be more involved with basic planning, rather than day-to-day corporate activities. Their top concern will be with long-range planning."

Symptomatic, perhaps, of what the experts foresee as a steady widening of the horizons of business is the growing importance of the international manager. In recruiter Paul Kiernan's view, this man will move increasingly to the fore in management.

As the viewpoint and markets of American companies explode outward into a world already small and certain to become even smaller by 1975, the most dynamic leadership role in business, Mr. Kiernan says, well might shift to "the internationally trained man in the chief executive's chair."



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A useful look ahead

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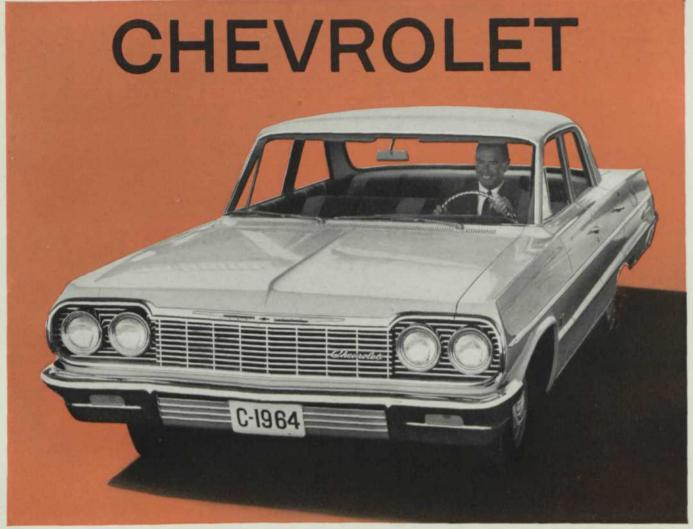
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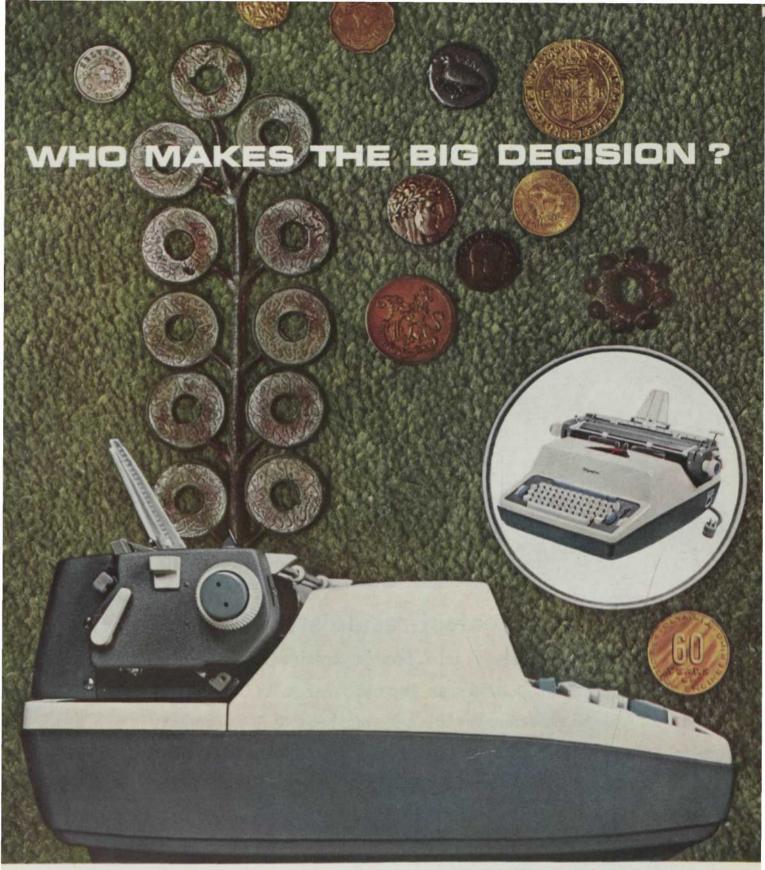
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